



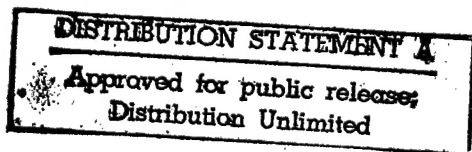
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# ***JPRS Report***

## **Soviet Union**

### ***International Affairs***

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# Soviet Union International Affairs

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**Letter Urges Merging NATO, Warsaw Pact  
Forces Under UN Command**

*52000021 Moscow XX CENTURY AND PEACE  
in English No 1 Jan 89 pp 8-10*

[Letter to the editor by Yuliy Kim, "writer," Moscow:  
"Bridge Across the Abyss"]

[Text] The nuclear confrontation of the two blocs has resulted in the realization of its futility. No victory is possible, initiative is suicidal, humanity's eternity faces the real alternative of death.

Even if nuclear parity and policy of deterrent have meant for the planet half century of relative calm, anyone can see that this has been a forced, temporary and unreliable policy, that even agreed cuts and moratoriums would not eliminate but rather encourage constant efforts to make the weapon still more lethal and in no way prevent its spread, easy production and use.

While arms cuts in conditions of confrontation may alleviate the peril, it surely is here to stay. Suppose we agree to cut weapons by 50 percent, then by 70 percent or even 90 percent, but there would surely remain minimal stockpiles that could fully neutralize the enemy. This goes to show that neither we nor they need the number of weapons to destroy one another five times over. But a certain number is needed for a single-strike destruction.

Cuts cannot stop the further progress of scientific and technological thought. Generally, it cannot be stopped by anything but omnicide. And this is fine. What we have to stop is bad policy, not thought.

They say that there should be an arsenal sufficient for defence. But the nuclear age makes nonsense of the word "defence:" if the enemy prepares for a nuclear attack, a preemptive strike seems to be in order, but which of the sides will then be doing the defending?

Two rams met on a narrow bridge over an abyss butting one another, their horns locked so that if either pushes the other over, both would fall to their death. In the meantime advancing on both is a dark rock with this ominous sign: "Ecological death." The adversaries are obliged to turn to the rock and to try to hold it back, jointly.

The nuclear confrontation of the two blocs has made nonsense of war as a means of solving issues because a modern war can only be a nuclear war and will only end in omnicide.

Hence, the only way is to end the confrontation.

This means renouncing enmity.

In the past, I remember, they spoke of the fatal inevitability of wars between socialism and capitalism, the fatalism was abolished and they started to talk about the "class antagonism" which was supposed to establish socialism everywhere, finally.

But our top leaders declared:

—peaceful coexistence of the two blocs is not a form of class struggle;

—the interests of humanity are above class interests.

So it follows that:

—capitalism is not necessarily hostile to socialism and vice versa;

—class cooperation is possible in the face of shared problems.

I think it is a heavy blow to many of our social scientists and ideologists who are trying to keep class hatred on the boil in the hearts of our citizens, who always describe the West as "rotting," who divide the whole world into "they" and "we," who are always watching those who "bring grist to their mill."

So, given all the fundamental differences between the socio-economic structures, enmity and antagonism between them are not unavoidable.

I can also add that there are several common issues solution of which has long demanded joint action: the ecological crisis, the energy crisis, the population crisis, etc. The economic crisis in the USSR is the one I'm more familiar with.

All I read every day in every newspaper leads me to the conclusion that, without Western help, we aren't likely to get out of the crisis soon. Continuation of the policy of military confrontation would not simply be ideological stupidity, it would be a crime against the country.

In Denmark, on my first trip to Europe, I saw how they live. This is the kind of future we should strive towards—I mean the living standard and culture of everyday life; a future our long-suffering people well deserve. The absence of queues and the presence of all sorts of goods, this would save us a third of our time and half of our nerves that we now wasted in shops. I'm trying to guess: Estonia could achieve this, under favourable conditions, in 15 years or so? And Kaluga? 50 years? A pity.

To hell with enmity! We need their help: their credit, their goods, their technology—we need their friendship, we should be partners, not rivals: without each other we would not be able to cope with the crises besetting us.

More so because both sides would have to deal with another dark rock called the military-industrial complex and with ideologists on both sides who view confrontation as a natural law as we move not towards detente—as this is not enough today—towards a union.

Our press coyly writes that the military-industrial complex exists only in the West. Yet here, in this country, we come up at every step against the outsize monster that devours our finest intellectual potential. And there is every reason to believe that the Western monster costs the West less and it is in many respects superior to our own plodding monster.

Yes, it's a monster, a hulk, a hobgoblin—these are the only words that can describe both the Western and our MICs designed to frighten because, as I've already said, the nuclear fist cannot be used, and it can't be anything but nuclear. So it hangs over the world like a dirty cloud as it gets bigger with the lethal dirt, and it commands no respect whatsoever.

War has stopped being a political tool.

A fist incapable of winning—who needs it?

But, despite this, millions upon millions of people are toiling day and night for war, for omnicide or rather for nothing, because it is unthinkable, especially today, that someone actually presses the button.

This gigantic and meaningless work generates gigantic inertia in people. The production of weapons gives jobs to too many people for it to be stopped easily. There is a lot of military officials, military manufacturers and military engineers who are in the habit of working for war and for nothing else, and numerous ideologists with a class affiliation and Sovietologists without a class affiliation who only think in terms of intolerance. So, people who want to carry through world wide peace projects have to contend with the powerful resistance of these people.

Can something be done before war has finally been rejected as a method?

Immediate and general disarmament would not be realistic.

Cutting weapons while there is confrontation would be ineffectual: there would always remain a certain amount of weapons liable to be increased at the slightest cooling of relations.

The only way to render weapons harmless and to ensure that they are steadily reduced to zero is to pool our arsenals.

I propose integrating headquarters, armies and navies instead of having NATO and the Warsaw Pact confronting each other.

This pool would be used purely for policing.

It would be commanded by the UN.

I don't think this is unrealistic, it is simply the only way out.

In conditions of confrontation, armies and the military make no sense.

In conditions of such a union they make sense.

The UN is the first variant or even a stage of an Earth Parliament. As the Parliament grows more efficient, its authority would grow.

The renunciation of confrontation between the two blocs would immeasurably enhance the role and efficiency of the world body. Already today the UN perform some policing duties. On a number of occasions it rendered useful service in different hot spots.

Possessing an integrated nuclear arsenal, the UN would be able to guarantee the Earth peace while mankind gets used to a non-violent way of life.

The above is an attempt on the part of a newspaper-reading Muscovite to formulate his own impressions of the situation and assess the immediate prospects. This writer will be very happy if his ideas draw some response.

**Peace Committee's Borovik on International  
Issues, Family Ties**

*18070154 Moscow NEDELYA in Russian No 8, 20-28  
Feb 89 p 13*

[Interview with Genrikh Averyanovich Borovik, delegate to the 19th All-Union Party Conference, chairman of the Soviet Committee for Defense of Peace (SKZM), editor of the television program "Pozitsiya," winner of USSR State Prizes, dramatist, and commentator, by Gagik Karapetyan]

[Text] [Karapetyan] You are a USSR people's deputy candidate from the SKZM. If you are elected, to which departments will you address your demands as deputy?

[Borovik] I shall begin with the Ministry of Defense. I must ask him a question: why is it that even today, say, our American partners (before perestroika—"opponents") know much more than Soviet people do about our military budget and about the number of men in our forces? Is it not time to make all this public? Our insurmountable attraction to secrecy is being used against us in the West. It has reached the point of the absurd: for a long time the newspapers reported to our compatriots...the American names for our Soviet missile and aircraft are "SS-20" and "Backfire." Another question: How much money has been and is being spent on the country's civil defense system? Why did it turn out to be unprepared during the days of the tragedies in Chernobyl and Armenia? I saw how efficiently civil defense specialists from Britain, France, and Sweden worked in Leninakan. All right, our technical equipment is not up to date. But why are they better organized and more mobile than we are? Where is the guarantee that in the near future a unionwide system will be created for reacting efficiently to accidents and shocks from the elements?

Much must be asked. And there are also things to suggest (and this is more important) regarding ecological problems. I think we should demand that our foreign political and foreign trade departments create a decision making mechanism which would presuppose their open—shown on television—discussion in the USSR Supreme Soviet. This pertains both to serious diplomatic steps, and foreign trade policy, and the amounts of our assistance to other countries, and so forth. Our public discusses—accepts or rejects—plans for monuments, museums, and statues; and it knows their authors. But how decisions related to Afghanistan were made—this we do not know yet. Or the decision to pump an immense quantity of petroleum and gas from our country into Western Europe. This we do not know!

[Karapetyan] Usually we know that the decision was "adopted collegially."

[Borovik] True. But the voters, the citizens of the country, should know the name of the author (or authors) of the new laws and political initiatives and the concrete position of each deputy when they are discussed.

In the December "Pozitsiya" program we showed nine-story buildings that crumbled during the earthquake in Armenia. One of the participants in the program, having the builders of these killer-buildings in mind, said: "What courageous people! They commit terrible mistakes without even thinking that the children who bear their names will come up against the question: 'Was it not your relatives who built such and such?'" The formula of "collegiality," of it is impersonal, always includes the danger of collective irresponsibility and collective indifference. We must get away from anonymity! Precisely so that the person who takes one poorly thought-out step or another will be linked to this step. And vice versa: the authors of a good law or a rational political decision should be surrounded with respect.

[Karapetyan] Could you respond publicly to the criticism from one of the participants in the SKZM plenum that the chairman of the committee was nominated as a USSR people's deputy candidate by many republic and oblast committees for the defense of peace? Is there a hint of a certain amount of pressure on your part?

[Borovik] The public leader of the SKZM is not a minister. He has no levers to exert "pressure" on local committees. This is decided by only one circumstance: has the chairman earned authority through his work or not, that is, do the local committees approve of the significantly more active work of the SKZM, in which a good deal of personal effort has been invested, or not; do they respect his civic position (which has had to be expressed repeatedly both in deed and on the pages of the press, on television, and from the podium of the 19th Party Congress) or not. Well, let the "hints" remain on the conscience of those who do not like the more active work of the SKZM or my civic position. These critics even "forget" to say that many KZM's have submitted the names of Patriarch Pimen, the writers Ananyev and Gonchar, the academician Arbatov, and other candidates for USSR people's deputies.

[Karapetyan] The readers are interested in the cost of the SKZM projects.

[Borovik] I can give this example: A trip from Odessa to Kiev taken recently by 250 Americans accompanied by many Soviet people cost 515,700 rubles. I do not think that money spent on a foundation for confidence among people is wasted. It will be recouped 100-fold. This is also understood by our American partners who spent no less on conducting a trip for Soviet people throughout the United States in 1988. Negotiations are being conducted to invite a large group of future people's deputies—up to 200 people—to the United States. The hosts will pay all the expenses.

[Karapetyan] But is it possible to find out the sums and recipients of your own donations?

[Borovik] My last personal donations went to: the peace fund, the fund for those suffering from the earthquake in Armenia, and the fund for the construction of a rehabilitation center for war veterans and international fighting men. The overall sum was considerable for me. In principle I consider it tactless to evaluate merit in terms of money, not to mention advertising it.

[Karapetyan] The chairman of the SKZM is a public position. Who pays your salary?

[Borovik] Central television. As a political observer and editor-in-chief of the program "Pozitsiya."

[Karapetyan] In your view, what are the pluses, minuses, and prospects for this program?

[Borovik] We have many complaints against ourselves. We find satisfaction in the fact that a program without songs, film clips, or fragments from performances or films has won the sympathy of the audiences. We judge from the thousands of letters we receive. These letters are not requests for musical numbers and not complaints. Their authors are thinking about how to live their lives in the future, whether we are proceeding correctly in perestroika, and how to support it and provide for its success.

The theme of internationalism has become a leitmotif of the program. Life itself has demanded this. Several programs on such a complicated and delicate subject have brought us the confidence that the immense majority of people share the feelings of true Soviet internationalism and patriotism. Although we have found a considerable number of people infected with nationalism and chauvinism.

Our program will continue in the future to deal with all the spiritual aspects of perestroika.

[Karapetyan] When speaking at the 19th Party Conference you discussed the activities of the "self-appointed and true pioneers of perestroika." What is your system for "recognizing" them?

[Borovik] Harm is caused to perestroika primarily by people who are unable to do their work professionally or even intelligently and reasonably. And to an immense degree these are demagogues (especially when the meeting variety of demagogy is combined with inactivity in their own work).

[Karapetyan] From time to time a "storm or news" develops around you in the West. This happened after the program on emigrants, after the roundtable discussion devoted to internationalism, and after the program on Nagorno Karabakh. What causes this?

[Borovik] Most frequently the "storm" arises when I as a commentator manage to tell the truth that has been revealed. Or to elucidate its additional facets. Recall the end of the summer of 1983: in the Far East we shot down a South Korean Boeing 747.

Within an hour the world knew about the destruction of the aircraft and the death of its 269 passengers. But our newspapers published an absurd report that after warning signals the airliner continued its flight in the direction of the Sea of Japan. The world had a right to be indignant. And we remained silent. Two days later I spoke on the television program "Vremya" and said that the South Korean passenger aircraft, having acted like a reconnaissance plane, was shot down by Soviet PVO, that this was our common tragedy, and that the world could not allow itself to proceed toward the insanity of mutual hatred.

The program had not even ended before the teletypes to the buildings of the TsT had received rush telegrams from the world information agencies: "The Russians have finally admitted that they shot down the aircraft; the observer undoubtedly received the highest sanction from Kremlin circles."

My colleagues abroad could not believe that nobody had read the text of this statement—neither the "Kremlin circles" nor even the leadership of the USSR Gosteleradio. Even now I shall not try to explain how this happened. But the next day I had hanging over me a quite real threat from many "circles." How it came about and why I do not know either. Such things happen, although rarely...

There are sometimes funny "storms." Recently I read in the British SUNDAY EXPRESS that my wife Galina Mikhaylovna is the elder sister of an eminent figure who holds a high state position here. This amused me. I sent a letter to London:

"Dear Gentlemen! Imagine my joy when I learned of my close relationship with such an influential figure. With the newspaper in hand I immediately ran to my wife to express my admiration for the mastery with which during the 33 years of our married life she had concealed from me her relatives in high places. At first my wife took this calmly but then she became annoyed: imagine that this was the first time she had heard of this highly placed brother. But once she had read the item carefully and seen that they called her the older sister, she became indignant: 'Slanderers!' I am younger than that person by at least 5 years." So, Gentlemen, regrettable as it may be, I must deny the rumor that was about to bring me joy. Nonetheless I ask you not to turn away from this fruitful path of searching for influential relatives for me. Why not try your luck in the circles, say, of your royal family. But I beg of you, Gentlemen, do not mention my wife's age: she is a feisty woman..."



I do not know whether or not they will print this message but I am sending a copy for NEDELYA.

[Karapetyan] You are not only a political observer but also an eye witness to many of the events that have taken place in "hot spots" of the planet. Have you ever ended up in dangerous situations?

[Borovik] There could not but be danger. During the days spent in the partisan Sandanista camp in Nicaragua in 1978 when Somosa was still in power. On the border between Argentina and Chile when I was gathering material about the fascist revolt in Santiago in 1973. In 1959 in Cuba, immediately after the revolution. And on the island of Sumatra in the summer of 1953 when government forces in Indonesia suppressed the revolt against Djakarta. I do not lay claim to any special courage. But my experience has forced me to think many times about the price of human life and the price of peace.

[Karapetyan] Your son Artem has followed in his father's footsteps. Like you, he sometimes works for OGONEK. What is your attitude toward this?

[Borovik] Fortunately, he works for an altogether different OGONEK. But it was much more difficult for him to begin than it was for me. Although he writes and thinks more interestingly and more deeply than I did when I was his age. The impediment for him was his father's name. There will always be people who will say, for instance, that he got to Afghanistan with papa's help. But he participated in the fighting there with a weapon in his hands and was awarded the medal "For combat service," about which I only learned from the ukase. Concerning my journalistic relations with my son, he has long followed the rule of not showing me anything he has written before it is published.

[Karapetyan] Do you have any time left for a personal life?

[Borovik] This is my "personal life": the SKZM, "Pozitsiya," the Writers' Union; my daughter Marina and my 12-year-old grandson Vanya.

[Karapetyan] How does your wife help you?

[Borovik] In everything. She runs my home in which, fortunately, there are many people of all kinds. She is the first to read my manuscripts. She watches "Pozitsiya" to find all the faults. She is the first one to get to me. She reproaches me from not "forbidding" Artem to go to Afghanistan and she cries when there is no news from him. But how could I "forbid" him? "Tomorrow morning I am flying to Kabul"—and that was the end of the discussion with his parents.

[Karapetyan] We must rest and keep in shape—do you manage to do this with your constantly busy schedule?

[Borovik] Today is one of those rare days when in the morning I managed to walk 2,000 steps at a fast pace. I should like to make this a regular norm. Only on vacation do I find time for tennis. To be honest, the greatest and most pleasant recreation for me is to sit down at my desk and write out something that has been on my mind for a long time. I fret about a play I conceived a long time ago, but time flies and the idea is getting old. I think about a novel I began, but I have not touched it for 2 years. When I manage to take a creative vacation I shall go somewhere a long way away from telephones and conferences—this will be a great pleasure...

[Karapetyan] But in an interview with NEDELYA to the question "What do you dream about?" you answered: "To see in the newspaper under the heading 'In the Tracks of Our Speeches' this announcement, for example: 'In connection with a pamphlet on Pinochet the general was arrested and tried.'"

[Borovik] Alas, Pinochet has not been tried yet. But at the end of 1989 he must leave the post of president of Chile. The situation in that country has changed... I dream about having my play "An Interview in Buenos Aires," which is devoted to the events in Chile, performed in Santiago. In any case my Chilean friends would like that.

But some of the things about which I have dreamed have come true. I am talking about the revolutionary changes that have taken place in our country during the years of perestroika.

#### **Role of New Soviet Congress in Changing Foreign Policy Mechanism**

*18070528 Moscow ZA RUBEZHOM in Russian No 7, 10-16 Feb 89 pp 1-2*

[Article by Karen Khachaturov, doctor of historical sciences, deputy chairman of the Soviet Committee on Solidarity with Latin American Peoples: "The Power of the Soviets and Foreign Policy"]

[Text] The author of these lines was nominated candidate for deputy of the Soviet Committee for Solidarity with Latin American Peoples, and officially registered after the plenum held by the Soviet Peace Fund in conjunction with 8 Soviet committees speaking out for peace, solidarity and international cooperation. Now we represent not just "our own" organizations with their specific "in-house" interests (the Soviet committees "Doctors for the Prevention of Nuclear War", "Pedagogs for Peace", "Architects, Designers and Planners of the World for Prevention of Nuclear War", and others), but rather a unified block, or, more precisely, a list. We are a group of 17 people. According to the Law on Elections, there are 7 mandates for our group of candidates out of 750 people's deputies elected from public organizations.

The author soberly evaluates his chances, and pays his respect to the personal qualifications of such fellow candidates (I cannot bring myself to call them rivals or opponents, because I prefer the terminology of the scientific world which is dear to me) as cosmonauts S. Ye. Savitskaya and O. Yu. Atkov, the well-known kolkhoz organizer V. L. Bedulya, Soviet Paguosh Committee Chairman and Academician V. I. Goldanskiy, USSR Academy of Medical Sciences Academician M. I. Kuzin, and public leader V. M. Maslin. Therefore, I address my pre-election program to that as yet unknown group of seven which will receive the most number of votes. But primarily—I address it to the readers of *ZA RUBEZHOM*.

And so, what do I understand to be the main purpose of activity of the group of deputies—the representatives of “people’s diplomacy”, in the country’s highest organ of power? In recent years this mass movement, especially grouped around the Soviet Committee for Protection of Peace and the Soviet Peace Fund, has become a more important factor in public life in the interests of reorganizing the foreign political activity of the Soviet state and affirming the priority of human values. However, a certain drawback of the “people’s diplomacy” is that the public activity of the “lower levels” does not correlate with the upper echelon of power. At the same time, the still untapped potential of the popular movement for peace, solidarity and international cooperation may be realized with maximal benefit specifically at the level of legislative power.

The resolution of the 19th CPSU All-Union Conference, “On democratization of Soviet society and reform of the political system”, defined in the list of first priority tasks the need to order the mechanism of democratic definition and formulation of the interests and will of all classes and social groups, and the coordination and realization [of these interests] in the domestic and foreign policy of the Soviet state. We also know that the 1st Congress of USSR People’s Deputies must introduce radical changes into the mechanism of operation of the central organs of state authority. One of the main supports of this mechanism is foreign policy.

The historical breakthrough in foreign policy activity of the Soviet state, with the decisive role of the party and its leader which has been engendered by *perestroyka*, is axiomatic. We are all witness to the activity and openness in the work of the USSR Ministry of Foreign Affairs, even though we are not apprised of its unutilized reserves. Yet the other departments, particularly in the sphere of foreign economic activity, continue to be the Kantian “thing unto itself”, if we translate into philosophical language the drab everyday matters of the time of stagnation.

The foreign political activity of the highest legislative authority and its structures appears to be inexpressive. Why is it, at least it seems to the unenlightened, that the commissions on foreign affairs under the USSR

Supreme Soviet are limited to protocol and state functions? Why do the foreign commissions of the Soviet of the Union and Soviet of Nationalities all look so drably alike? Why, if we judge by the television screen, are the “parliamentary discussions” on foreign political questions, which could attract the flower of our nation, so faceless? We can repeat the word “why” many more times. But what should we do to give legislative impetus to our diplomacy, to create, as M. S. Gorbachev noted in his speech at the extraordinary session of the USSR Supreme Soviet, a real constitutionally empowered mechanism of matter-of-fact and qualified discussion of the questions of international policy?

This is how I understand the foreign political activity of the USSR Supreme Soviet which operates on a permanent basis, and which will be elected by the 1st Congress of People’s Deputies. I see a rather numerous, and most importantly—a competent and interested membership of the commissions on foreign affairs of both houses, with a differentiated circle of primary tasks. For example, the Soviet of the Union commission concentrates its attention on such global questions as disarmament, ecology, and economic security, and implements the legislative initiative in relation to basic problems. It oversees contacts with the leading foreign countries and maintains the necessary ties with the central Soviet ministries and departments. The Soviet of the Nationalities Commission on Foreign Affairs of the Soviet of Nationalities specializes in the sphere of regional problems and international organizations, and facilitates the involvement of the union republics into the foreign political sphere. The latter function, undoubtedly, will grow in the course of the next major stage of political transformations, when the status of the union republics will be reviewed.

Both commissions of the USSR Supreme Soviet, having equal rights, can create necessary subcommissions, permanent as well as temporary, without duplicating each other’s efforts. In its practical activity the commissions must rely on the *aktiv* of experts, primarily from the public organizations and scientific institutions.

Probably the most crucial task of the foreign commissions is the discussion of the most important foreign political projects which require support. I believe that the list of questions which are to be under the jurisdiction of the USSR Supreme Soviet and its working organs must be expanded, so that by means of discussion and comparison of points of view and alternative variants it will be possible to find the optimal decision. Such a procedure in a legal state is a normal occurrence. Not only does it not hinder the prerogative of the ministries and departments, and primarily the USSR Ministry of Foreign Affairs, but on the contrary, it increases their responsibility for the development of quality proposals, as well as the authority of the adopted decisions, not to mention the fact that it practically reduces to zero any possible miscalculations or errors.



Although history does not have a subjunctive mood, we cannot help but recall the introduction of our troops into Afghanistan. There are situations, and fortunately they are rare, when even in the epoch of glasnost it seems that silence is golden. I consider it immoral to develop the thought about the erroneous nature of a military solution to the Afghan question while we are withdrawing our troops from Afghanistan, while our common children are suffering on hospital beds and while the pain still lingers for the unfortunate families who have lost sons, grandsons, husbands and brothers.

And yet I must express a thought which is certainly not heresy: How would the Afghan question have been resolved 9 years ago if its fate had depended not on a small group of leaders, but on Soviet authority as embodied by its official organs? One might object that at that time the very possibility of formulating such a question on the pages of the press was excluded. That is true. However, it is also true that, as applied to Afghanistan, the factor of suddenness was excluded. Therefore, there was time to take an interest in the opinion of historians, and they would have reminded us that the fraternal colonizers had swallowed up half of the Afro-Asian world and choked only on the Afghan bone (dear Dr. Watson had reason to complain to Sherlock Holmes that he had been shot in the leg not just anywhere, but in Gerat). There was a chance to consider the opinions of specialists, and they too would have answered in a friendly manner than the national character and mentality of the Afghans will not accept any armed foreigner, no matter what his intentions.

The Afghan decision, like many others, as for example the decision to deploy the "SS-20" missiles, was taken according to the canons of the command-administrative system, "in working order", or more precisely, by a zealous apparatus without backward glance at legislative authority, at Soviet authority. The legal socialist state is incompatible with such an anti-legal mechanism of making decisions which affect the vital interests of the Homeland.

I see one other vitally important function of the future Supreme Soviet. That is, control over the activity of the appropriate ministries and committees and elimination of the "gaps" created by them, when the cover of pseudo-secrecy is not a justifiable concern for the protection of true state secrets, but merely a camouflage for the customary secret satisfaction of departmental ambitions. The sphere of foreign economic ties in particular is still guilty of this.

So as not to make unsubstantiated statements, I will refer to such an acute international problem as the foreign debt, a means of solution for which M. S. Gorbachev recently proposed from the United Nations podium. From the materials of the Soviet press we know precisely, down to the last cent, and in dynamics, to whom and how much all the foreign countries owe—from Argentina to Jamaica. Yet our keepers of "investment secrets"—the Gosplan [State Planning Committee], the Ministry of Foreign Trade, the Vneshekonombank [Foreign Trade Bank] and the USSR Goskomstat [State

Committee on Statistics]—shamefully keep quiet about how much each foreign country owes the Soviet Union.

Our country, as we know, has expressed its readiness to establish a long-term, up to 100-year, moratorium on the payment of debts by the most underdeveloped countries, and in a number of cases to write these debts off altogether. But specifically which countries—our debtors—are the poorest? And how much does the Soviet Union owe to other states? There are no statistics on this. This gives rise to Philistine rumors about those who are supposedly at fault for our economic woes—the "third world" countries, which we have favored with fantastic sums of money. Nevertheless each country that is our debtor and each country that is our borrower knows perfectly well, and often publicizes, the exact sum of our debts as well as its own.

The corps of deputies has the right to demand from the leaders of the finance-economic departments who are conducting activities abroad exhaustive information on questions of foreign indebtedness, and to use this information for the good of perestroika. I am convinced of the need for formulating subcommissions on foreign economic ties within the framework of the foreign affairs commissions of both houses of the USSR Supreme Soviet (they may be called something else, although the name is not important). These [subcommissions] would be charged with reviewing the annual program of economic cooperation with foreign countries, including voting them credits.

The system of giving economic aid to foreign countries which has been formulated is radically incorrect. In some ways it is even insulting to our leadership. It is specifically to this leadership that complaints are addressed if the requested credit is not granted, if a large dam is not built, or if the latest weapons are not supplied. However, the complaints or thanks should be addressed to our parliament members who—and who alone—must have the right to approve or deny the target program of economic assistance to foreign countries.

We have trained ourselves to nod only in the direction of the leadership: It can see things better. This, of course, is so. In any case, for now. Yet as the process of democratization deepens, the best one to see must be the collective organ of supreme authority, the corps of legislators. They can see best on all counts, including also on questions of foreign policy.

#### Salaries of USSR Diplomats Discussed

18070135 Moscow ARGUMENTI I FAKTY in Russian  
No 8, 23 Feb-3 Mar 89 p 8

[Response to reader's inquiry concerning diplomats' salaries by I. B. Bratchikov, first secretary of the General Secretariat of the USSR Ministry of Foreign Affairs, as written by Yu. Savin]

[Text] Information has begun appearing in the press lately about the salaries of different categories of our citizens. Can't you tell us how much Soviet diplomats earn?  
[Signed] A. Onishchenko, Moscow

**I. B. Bratchikov, first secretary of the General Secretariat of the USSR Ministry of Foreign Affairs, answers this question.**

Coming to work in the Ministry of Foreign Affairs after completing the institute, a young person is assigned to the position of reviewer, as a rule, at a monthly salary of 130 rubles. In approximately 20 to 25 years, when he becomes a counselor after climbing all the steps in the official ladder, his salary will increase to 265 rubles. Employees of the Ministry of Foreign Affairs also receive increases for knowledge of two foreign languages (10 percent for European languages, 15 percent for the languages of European socialist countries, and 20 percent for Eastern languages, but no more than a total of 30 percent). In 1986, increments were introduced for diplomatic ranks for the first time in the ministry's history. Taking them into account, the total salary of a counselor amounts to 350 rubles. The salaries of the highest officials in the Ministry of Foreign Affairs (members of the collegium, deputy ministers) reach 500 to 600 rubles.

By working abroad, our diplomats earn more than at home, of course, but it must be taken into account that the living conditions are different, too. The salaries of Soviet diplomats abroad are determined for each country separately, depending on the cost of living. At the same time, the earnings of our diplomat are such that they enable him to obtain an equivalent amount of goods and services in any country (whether it is the United States or Ethiopia, let us say). The salaries of Soviet diplomats abroad are much lower than for their colleagues from other countries, by the way.

**Priority of Human over Class Interests:  
Implications for Foreign, Domestic Policy**

18070538 Moscow PRAVDA in Russian 28 Feb 89 p 4,  
1 Mar 89 p 3

[Article by Academician G. Smirnov under the rubric "Questions of Theory": "The Universal Interest of Mankind and Class Interests"]

[28 Feb 89 p 4]

[Text] *Even those not too philosophically experienced have learned well that everything is changing in the world, that the river you enter is never the same twice. That is a platitude today. But it has been necessary to fight for the truth both of these assertions and the idea of development against those with a vested interest in an unchanged nature of the world order. Thus it has always been the case: politics, ideology and theory are to the highest degree not indifferent to the interests of people. Helvetius had noted quite graphically that "whereas the physical world is subordinate to the laws of motion, the world of the spiritual is no less subordinate to the laws of interest. Interest is the omnipotent magician on Earth, changing the form of any object before the eyes of all creatures."*

*Seemingly simple truths, but oh how difficult it is proving to find them in analyzing contemporary situations.*

**What is Happening with the Omnipotent Magician?**

Yes, people have seen quite a lot of the might of "his majesty" interest over all of history. They have become convinced that this magician is not simply omnipotent, but crafty as well, not only great, but petty, sometimes noble, and other times simply vile. In general, any which way.

All see that something very serious and significant is happening with interests in our time, in our world that is changing with exceptional rapidity and profundity. A number of the changes are moreover of an unfavorable and even menacing nature. The problem is to understand the essence of them. And not only understand, but also find counteraction to dangerous trends: the drowning man little needs to know that he is drowning, it is more important to know how to save himself.

The world, it seems, has come to resemble a solitary swimmer who can count on no one but himself. Mankind has created by its own hand the deadly thermonuclear weapons able to annihilate everything living on earth many times over; the ecological consequences of industrialization catastrophically threaten people; the greater portion of the world is still in need of industrialization and lives on the edge of poverty and chronic misery; the chasm between the developed countries and the majority of the developing ones is not being reduced; and, the earth's mineral and vegetative wealth and fresh water—the source of everything alive on earth—are showing the limits of their capabilities.

The sources of raw materials and power are becoming the object of a sharpening struggle, and the surmounting of ecological calamities is still basically the concern of individual countries, although the scope of these disasters is such that they demand the joint efforts of all, or at least many, states. Only the first encouraging results have been obtained in the process of the prolonged negotiations for reducing arms. A sharpening and growth in the tensions of interests, in other words, in this area of general human relations, is evident.

New nations and states have appeared in the historical arena—hundreds of millions of people, political parties and social movements—in the names of varying and often opposite ideologies. Thus the powerful interest in independence, democracy and social justice.

The intertwining of international, social-class, inter-ethnic, industrial and ecological problems, each of which could serve as the detonator for a universal explosion, paints quite a gloomy picture. This is fortunately understood by many politicians in various countries of the world. But—unfortunately—old political approaches

based on outmoded philosophical stereotypes predominate nonetheless in the resolution of new problems. Fear of each other is one of the important reasons holding back disarmament and the transition to new relations in the world.

What is happening: has the "omnipotent magician" of Helvetius ceased to be omnipotent? Or is there no interest in the world that would commandingly unite people? It seems that the ideas of a cardinal turnaround of worldwide significance that were advanced by M.S. Gorbachev in his speech to the UN General Assembly have already played, and will play, an important role in seeking answers to this question.

#### **A Slow Awareness of an Unprecedented Danger**

Strong antiwar movements do not have a very long history. They had become active by the end of the 19th century, and then again after the first and second world wars. But the fear of an upheaval and a foretelling of the apocalypse have accompanied human existence and the human psyche since ancient times.

However paradoxical it may be, an awareness of the terrible danger of thermonuclear war, despite the experience of Hiroshima and Nagasaki, has proceeded very slowly. New upheavals, especially of the Chernobyl sort, were needed to force people to be startled again, to start to think.

An understanding of the fact that the people of earth are really in the same boat, and that the boat is not all that big and that we all perish together, has fostered an awareness of the unprecedented danger. And this has in turn stimulated the fight for peace, which, albeit in undulatory fashion, has been developing and gradually gathering force.

It is well known that F. Engels and V.I. Lenin had warned as early as before World War I of the danger of the arms race and the unleashing of wars destructive to human life among the developed countries. But mercenary interests of economic and political rule and racial hatreds took the upper hand and tossed millions of people into the crucible of destructive warfare.

And just when the possibility of the global catastrophe of mankind as a result of thermonuclear war became real did the conviction begin to mature that there would be no victors in such a war.

The ecological movement had developed and acquired powerful influence by this time. It was expressed in the appearance of Greens parties in different European countries and their winning of widespread reputations. The Paguosh movement and Physicians of the World for Averting Nuclear War obtained considerable public weight.

An appreciable advance in political thinking also took place under the influence of the movements of the popular masses and the speeches of the scientific intelligentsia. The meeting of M.S. Gorbachev and U.S. President R. Reagan in Geneva in 1985, providing a strong impetus for an awareness of the new realities of the modern world, became a milestone.

#### **How the Politicians Got Talking**

The communists of various countries naturally were especially troubled by the question of whether the political struggle for social-class interests would drown in the broad democratic movement. A new analysis of general democratic positions and the correlation of forces in the world arena as well as social-class ones was needed.

After April of 1985, the CPSU undertook new and energetic efforts to analyze the situation that had taken shape in the world by that time. The necessity of evaluations of new phenomena in the world and the country and the need for new political acts was acutely realized.

The Soviet Union, as is well known, on 15 Jan 86 advanced a program for building a non-nuclear world. It included a whole set of proposals, including a 50-percent reduction in strategic offensive arms, the elimination of medium- and short-range missiles in Europe, the elimination of chemical weapons and the necessity of constructive negotiations on reducing conventional arms, especially in Europe.

The significance of these proposals cannot be overestimated. The point is not only that they meet the hopes and aspirations of people around the world; the most attractive thing in them is that they are realistic. The conclusion and then realization of the Treaty for the Elimination of Medium- and Short-Range missiles was visible testimony to this. The negotiations on banning the production and employment of chemical weapons and reducing conventional weapons entered a new phase. And now even the most inveterate skeptics could not contemptuously blurt out, "So, nothing will come of it anyway!" Today it cannot even be seriously denied that important agreements are possible.

But a great and difficult path must be traversed to get there, and a creative search must be implemented, especially for mutually acceptable ways of monitoring disarmament. And most important—formulating a convincing philosophical platform for achieving agreement and finding ideological and psychological foundations for trust.

A declaration of the 27th CPSU Congress was of fundamental and crucial significance in this regard. The idea that the course of history and social progress is more and more insistently demanding the arrangement of constructive and creative interaction among states and peoples on the scale of the whole planet was formulated

there for the first time in developed form... A contradictory but mutually dependent and largely integral peace takes shape with difficulty, seemingly groping, through the struggle of opposites.

The Soviet Union is taking many new steps toward openness and trust. They have been reflected in concrete proposals, negotiations and practical affairs. A series of major initiatives has followed from the countries of the socialist community aimed at the practical creation of a system of international security.

But mistrust and suspicion remain nonetheless, although a decisive step toward surmounting them was taken at the Geneva meeting of M.S. Gorbachev and R. Reagan, when both leaders came to a single conclusion: "Nuclear war is intolerable, and there can be no winners in it!" This declaration is better than anything else and showed the possibility of agreement.

The concept of an integral and interconnected, albeit contradictory, peace in which the universal interest of mankind in preserving peace and the idea of the priority of the universal interest of mankind over class, national, state and other interests has come to obtain greater and greater recognition. The Leninist idea of the priority of social interests is beginning to acquire new sense and significance.

### Paradoxes of Modern Thought

If we speak without beating around the bush, the essence of the problem is this: how can the theory of the Marxists that imperialism is the eve of socialist revolution, that imperialism is war, be reconciled, if it can at all, with the theory of bourgeois propaganda that asserts that communism is the demise of freedom and that the Soviet Union is the evil empire? And is the advancement of the question of the priority of the universal interests of mankind over class interests correct at all from the positions of communism?

In our time, they try to use the class content of the teachings of Marxism-Leninism to intimidate innocent people or use the class aspects of our teachings to lump all the transgressions and errors of specific historical figures into "class nature."

Imagine this picture. Three communists have gathered and are arguing among themselves like Nekrasov's peasants, only more seriously and more harshly, since the dispute has progressed to the fate of the world and the fate of capitalism and socialism. They are arguing in interested and passionate fashion. Herein, as often happens, the arguers accuse each other of deviations from the basic truths of Marxism-Leninism, historical materialism and scientific socialism. Accusations of conservatism, dogmatism, revisionism and the like are heard.

The dispute, as the reader understands, proceeds first and foremost and chiefly on the clash of the essence of the universal interest of mankind with class interests and their correlation. One of the disputants feels that acknowledgment of the priority of the universal interest of mankind and the political positions arising therefrom are profoundly modern and extremely important, since the discussion concerns saving mankind. Another asserts that the advocates of the aforementioned viewpoint are ignoring the interests of the class struggle within countries, as well as the leading trend of modern times—the struggle of socialism and capitalism. Finally, the third supposes that acknowledgment of the primacy of class interests over universal human values is the source of all of our misfortunes, since it is namely the class approach to evaluating social phenomena that has created monstrous tensions in our country in relations with the majority of the peasant population, which has suffered because it was supposedly against the socialist order. It is namely the hypertrophy of the class approach, he says, that facilitated the unleashing of the cruel civil war and the Red terror.

The paradoxical nature of such a clash is that all of those arguing, in the face of all the contradictory nature of their points of view, are relying on these or those tenets of Marx, Engels or Lenin. And each feels himself to be undoubtedly correct.

All right then, this has happened more than once in the history of social thought. But such disputes have never before had such immediate significance for the fate of mankind in general and for the fate of socialism.

We turn to Lenin, whom no one could suspect of deviations from class interests and class positions, and who is at the same time the author of the theory of the priority of universal social interests over class interests.

It is well known that Lenin persistently emphasized the inseparability of the socialist and democratic missions of the proletariat (vol 2 p 207) and the impossibility of struggle for the socialist cause without political struggle for the freedom of the working class and without the overthrow of absolutism (vol 2 p 450). The juxtaposition of democracy and socialism was incorrect even then, since a weakening of the democratic movement led to a weakening of the socialist struggle. The socialist revolution in Russia could triumph with the closest possible unity with democratic and socialist forces. Lenin, in considering the tasks of the struggle of the proletariat in Russia, thus pointed out the necessity of overthrowing absolutism and winning political freedoms first and foremost not only in the interest of the working class, but in the interest of all of social development as well. And further: "This stipulation is essential in a theoretical regard as well, since from the point of view of the basic ideas of Marxism-Leninism, the interests of social development are higher than the interests of the proletariat,



and the interests of the workers' movement are higher overall than the interests of an individual segment of the workers or individual elements in the movement..." (vol 4 p 220).

The struggle for democratic freedoms and the struggle against exploitation, militarism, poverty and unemployment and for the solution of ecological problems under contemporary conditions, being the cause of all the progressive forces of society, is the paramount interest of the working class. According to Lenin, "consistent democracy, on the one hand, turns into socialism, and on the other...—demands socialism" (vol 33 p 78).

It is very important to keep this Leninist approach in mind today, when the conditions of life have been radically altered, when saving the life of humanity has taken on paramount significance. Today it is namely the working class, the communist movement and world socialism that are called upon to come out more actively in favor of preserving peace on Earth and saving the human species, proceeding from the fact that without this any social progress at all is impossible.

#### **The Universal Interest of Mankind—The Leitmotiv of the Modern Era**

Theoretical and political thought is advancing toward recognition of the new realities on a broad front. But a fundamental step in this regard was taken in the aforementioned speech of M.S. Gorbachev at the United Nations.

Many note the unprecedented proposals for unilateral reductions in arms, proposals that promise far-reaching consequences. But even more observers are placing its philosophical content and treatment of the essence of the new era and the motive forces of world progress, the leitmotiv of the contemporary era, so to speak, at the forefront.

He was able to draw profound conclusions that grip the imagination from the phenomena and processes, in general well-known and alarming, that have riveted the attention of the whole world. And first and foremost the conclusion that the world in which we live is continuing to change in all of its constituent elements and that it is changing in such a way that we are entering a completely new era where the universal interest of mankind is at the foundation of progress, that forces have taken shape in the world that are impelling us toward entering a period of peace.

Many of the problems that we dealt with earlier as regional ones have been turned into global ones at the current stage of scientific and technical revolution; international interchange has been fantastically simplified and eased; the preservation of "closed" societies is scarcely possible today; the world economy is becoming a unified organism outside of which no state can develop, whatever social system with which it may be

affiliated. And all of this is placing on the agenda the question of devising a fundamentally new mechanism for the functioning of the world economy and a new structure for the international division of labor.

Whence the conclusion that it would be naive to think that the problems tormenting modern humankind can be solved with the means and methods that were employed or proved suitable before. The distinctions and opposites that we have inherited from the past are weakening or being replaced, but new ones are appearing; some former differences and disputes are losing significance, but their place is being taken by conflicts of another sort; the accustomed stereotypes are being rejected, there is a freeing from illusions, the very depiction of the nature and criteria of progress is changing. And it is simply impossible to count on old means. The experience that has been accumulated is really rich, but it is receding into the past. And that is the landmark nature of the current stage of history.

Until recent decades the world has developed under the influence of the two great revolutions: the French Revolution of 1789 and the Russian Revolution of 1917. They radically altered the course of world history and formed the way of thought that has predominated in social consciousness. This consciousness has reflected the fact that the history of mankind was a history of almost ubiquitous wars that arose out of the clash of social and political interests, national enmity and ideological or religious incompatibility. And this was considered to be the motive force of historical progress, to the greatest extent in Marxist theory.

If the universal interest of mankind and the priority of universal values should be at the foundation of progress, then the formula for development "at the expense of others" is becoming obsolete. Genuine progress is impossible either at the expense of diminishing the rights and freedoms of people and peoples or at the expense of nature. Cooperation must be developed as both "co-creation" and "co-development" in order to preserve civilization. All of this is becoming possible, since conditions and social forces have taken shape in the world that are able to direct mankind toward the long, if not eternal, peaceful path of development.

This statement of the new situation and the theoretical conclusions from it are the new word in Marxism-Leninism.

It can hardly be asserted, as is sometimes encountered, that Marx and Lenin said everything about the priority of universal human interests over class interests, or hardly about the new political thinking. This assertion is a mark of respect to the founders of scientific socialism, but it is essentially inaccurate. Recall at least that the global problems appeared in all of their acuity only recently. The new trends were only being guessed at at the end of the 19th century, and even at the beginning of the 20th. And the world was altogether different.

[1 Mar 89 p 3]

Today the questions facing us with all importunity include: is the universal interest of mankind able to assert its supremacy over the multitude of centrifugal forces? Do people have enough wisdom and will power to curb militarism and avert nuclear war? What legal or moral norms and sanctions will force people to respect the requirements of the universal interest?

No one can ignore the fact that the competition of two systems, the fight between capitalism and socialism, is not disappearing, nor is the class struggle within individual countries for their class interests. But all political forces, if they want to act on the basis of genuine realities, should be permeated with an understanding that the resolution of class interests can only occur with a regard for the priority of universal human interests.

It is not a simple question, of course, and it will be difficult to resolve. Experience and new mechanisms of international regulation will be required. But mankind has no escape from the fact that today the balance of interests is a condition of its survival and progress. That is the foundation for the revival of the international situation and the structure of a new world in which force and the threat of force of nuclear weapons cannot be a means of policy.

But how to find methods to make the interaction of universal human interests and the interests of particular and distinctive, including class, interests compatible? As soon as nuclear weapons cannot be a means of political solution, the principle of the free choice of the path of development will be the chief one. To deny freedom of choice of the way of life and way of thought is to encroach upon that unstable equilibrium in the world that was achieved with difficulty and is a condition of its preservation. It is obvious, after all, that the multi-variability of capitalist and socialist development is not simply a fact. It is growing, and it cannot be stopped. And this demands patience, respect, an ability to live side by side, remaining equal if not in complete agreement with each other.

Furthermore, the achievement of national goals after revolutionary coups is becoming impossible in our time without utilizing the achievements of the surrounding world and the capabilities of the more advanced countries.

Whence arises another condition of the peaceful development of humanity—the de-ideologization of international relations. We are not rejecting our convictions, our philosophy and traditions, and we are not calling on anyone to forgo theirs. In other words, we are for socialism, for its improvement, humanization and democratization. Let each prove the advantages of his order, his way of life and his values in deed. This is what can be called pure ideological struggle, i.e. the struggle of interests—class, national, state.

And so the supremacy of the universal human interest over centrifugal interests is the behest of the times, a historical imperative. Its saving mission and positive role is beyond doubt and beyond competition. But its very existence and implementation are possible as the voluntary association of forces representing the most diverse interests of people, classes, nations and states. For the working class, this universal mission is becoming a class mission at the same time. Such are the dialectics of the modern day.

Of course, a most important and most crucial question inevitably arises: if even the latest trends and general features are correctly ascertained, if the summarization is done accurately, if the forecasts are formulated on the basis of real processes and with the requisite scientific substantiation—will people with different convictions be able to meet each other halfway? The objective conditions of world development do not contain any insurmountable obstacles for implementing the aspirations of humanity for peaceful development. Many years of effort are clearly needed to overcome mutual mistrust and find mutually acceptable ways and means of resolving the issues of disarmament and reinforcing international security and collaboration.

#### Interests and Restructuring

The portrait of changes in the world arena cannot be fully understood without addressing the restructuring in the USSR. The most varied circles abroad are manifesting enormous interest in it. This interest, of course, is far from identical. Here there is the co-experience of like-thinking communists, here there is the vested interest in economic, scientific and cultural collaboration, here there is a concern for the further fate of disarmament. Of course, the critics of socialism and the anticommunists are displaying especial interest.

Attention is concentrated to a considerable extent on how the socialist nature of our society will be developed, since everyone knows well that for us restructuring and socialism are indivisible.

It is also well known abroad that the history of the country and the party have been subjected to tempestuous and emotional, if careful and profound, consideration here in the process of heated debate. Albeit much has been done as well. The question of socialism has naturally proven to be at the center of debate—what sort of socialism we are building and why we are restructuring it now. People have been found who altogether deny the socialist nature of our society, accusing either Stalin personally or Marxism-Leninism overall of this. One cannot simply discard these opinions. One cannot ignore the tragic pages and the many calamities on the path of socialist construction.

There were two principal factors, in my opinion, that were the immediate sources of deformations: the Stalinist cruelty in the fight for power, and the profound

deviations from the Leninist testament and Leninist conceptions of economic methods of conducting the economy and the Leninist understanding of the role of socialist democracy.

The creation of an administrative-command system of management and the sway of bureaucratism led to the deprivation of the initiative and independence of enterprises and the alienation of the workers from the means of production and from the authorities, as well as the peasants from the land. And second, it was the pressure of the capitalist encirclement, which forced the government to direct enormous amounts of funding to industrialization and the creation of a defense industry, leaving the development of the light and food industries, agriculture and the services sphere at a low level.

And even when strategic military parity between the two blocs had been achieved and new possibilities for the development of the sectors in subdivision B had appeared, the leaders of the country during the time of stagnation demonstrated an inability to solve the problems of raising national welfare. Whence the chronic shortages, whence speculation, theft and then, during the period of stagnation, growth in the shadow economy and, in actuality, underground capitalist production with the buying and selling of manpower and surplus value accompanied by all sorts of criminal activity. All of this inflicted enormous harm on the cause of socialism.

But that never exhausted the substance of historical development in the USSR. Social ownership of the means of production and the planned management of the economy were affirmed in the course of socialist transformations in the country, the exploitation of man by man was eliminated, the principle of "from each according to his abilities, to each according to his labor" was placed at the foundation of distribution, the equality and friendship of nations and nationalities was formulated and a rise in the culture of peoples was accomplished. All of these processes, of course, were deformed under the influence of the administrative-command and bureaucratic system of management developed by Stalin and those around him to the detriment of democracy and the activeness of the people.

But what were the causes of Stalinism? Some scholars see them... in the very doctrine of scientific socialism. The non-commodity centralized society it offers supposedly rules out its democratic development. Such a society supposedly cannot be other than similar to barracks socialism.

This is roughly the assertion we find from Doctor of Philosophical Sciences A.S. Tsipko. Setting himself a worthy aim—revealing the ideological origins of the criminal behavior of Stalin—he has, over the span of four issues of the journal *NAUKA I ZHIZN* (Nos 11 and 12 of 1988 and Nos 1 and 2 of 1989), tried to prove that

the causes of many of our misfortunes are in the very doctrine of Marxism, and especially in the class principles of its teachings. Stalin is all in all just a follower of Marxism.

The articles by A.S. Tsipko are so extensive and have so many aspects, sometimes contradictory and categorical, that an attentive critique of them requires a special time and place. We will touch here just on several elements of them.

First of all, if we extract the non-democratism of Marxian teachings from its failure to recognize commodity production, it must then be acknowledged that democratism ends at capitalism—the most commodity-oriented of types of production. Second, if we are speaking of the attitude of the founders of scientific socialism toward democracy, then why not address their own tenets on democratism, without which they did not conceive of socialism, and they themselves, as they say, came from the democrats. Third, V.I. Lenin, as is well known, was a teacher of socialism who recognized the inevitability of commodity production under socialism, although his views of democracy were far from determined by his attitude toward commodity production. Fourth, Lenin emphasized as none other of the theoreticians of socialism the significance of attracting the peasants to socialist construction, and he knew well the price of differentiating the peasantry. But his class evaluations of the peasantry did not hinder him from seeing socialism as an order of civilized cooperators. And the same view of the peasants (the peasant-owner and the peasant-laborer) did not hinder the "Marxist" Stalin from deviating from the Leninist testament and behaving toward the peasants as an extremist of an almost Nechayev bent.

The leaders of the CPSU, while uncovering the deformations, perversions and crimes, acknowledge the socialist nature of the fundamental transformations that have occurred here. The essence of restructuring as a renewal of socialism on the basis of Leninist tenets, the purification of socialism of Stalinist sentiments and deformations alien to it and the ascent of Soviet society to a qualitatively new level is understandable from this point of view.

Socialist revolution and socialist construction had an unconditionally class thrust, although many tasks of bourgeois-democratic revolution were resolved therein, which is explained by its broad social base. No few errors, injustices and cruelties were committed in the course of them, of course. Behind this often stood either the blind class hatred of the masses, political vengeance, ignorance, the settling of personal accounts or rampant anarchy. But the objective tendency was such that the social base of the socialist revolution was expanded more and more. It was expanding up until the time that Stalin, having trampled his political adversaries, brought the avenging sword down upon hundreds of thousands of

people guilty of nothing, using the theory of the sharpening class struggle as ideological cover. But was there really a class necessity of this? Is the class principle of Marxist doctrine really guilty here? More evident here is the perversion of class principles in approaching the evaluation of people and phenomena.

In the 1920s and partly in the 1930s, our country had to undergo a time of searching and the creation of "new" socialist forms of mutual relations and way of life. This was expressed in attempts to abolish shaking hands, in "class" party evaluations of the wearing of hats, ties, clothing and so on and so forth. The class approach was then extended to whole spheres of the natural and technical sciences. Genetics was banned, as were cybernetics, social psychology and sociology among others. But was this really a scientific class approach? In reality this signified the vulgarization of a class approach. And it inflicted enormous harm on the development of culture, science and technology in the country.

There was a time when proletarian-culture efforts were aimed at driving from circulation the achievements of prior ("gentry," "mercantile") culture. A.S. Pushkin, L.N. Tolstoy, classical music, painting and the like were all slighted. But the party leaders must be given their due: an end was put to the influence of RAPP [Russian Association of Proletarian Writers], although this did not signify an end to strict political censorship and nonsensical, pseudo-ideological demands toward many works of literature and art. But in restoring the truth of history now, it seems to me, another half-truth is being created. It is being asserted, for example, that Soviet culture did not grasp the achievements of prior cultures, including gentry and bourgeois ones, that we did not read and study Dostoyevsky and a number of other authors, that the teachings of Lev Tolstoy remained without attention, that we did not perceive the cultures of foreign countries etc. Although all of this was so to this or that extent, as I have already written, each phenomenon must be specifically investigated. One cannot say, for example, that the generation coming of age in the prewar years did not know the literature of the 19th century, did not read foreign classics and the like. The graduates of prewar secondary education were quite well-read people.

An ability to distinguish where a class approach begins and where it ends, where simple norms of morality and universal human interests exist, what such categories as conscience, decency, honesty are—this ability, if you will, is a condition of the successful development of socialist relations and socialist consciousness. Society and the new social relations are called socialist because collectivist means of production and the sway of collectivist, internationalist principles lie at their foundation, and not at all because all human relations are reduced just to classes and class relations.

Even when we are speaking of the system of socialist ideology—it, being a class one in its essence, contains many elements of a universal human nature, and only in

comparison with them can a phenomenon be described as a class one. In moving on, say, to morals, we can single out simple norms of morality in socialist morals that do not have an ideological coloring, but without which relations among people are inconceivable.

### **The Diversity of Interests and the Problems of Socialist Pluralism**

In thus evaluating the processes of restructuring from the point of view of the interaction of interests, we are obliged to see that restructuring prosecutes the aim of integrating the fundamental interests of classes, nations and social groups. It also has in mind, on the other hand, raising the political and economic activeness of the masses namely by means of accounting for and encouraging the specific nature of the interests of groups, collectives, organizations and individuals. This policy was reflected in the phrase "More democracy, more socialism." The idea of the democratization and humanization of society comes forth as the central idea of renewal.

The unity of socialist society is in no way the leveling of social life; socialism develops the whole diversity of interests of classes, nations, nationalities and other social groups and the interests, needs and abilities of people, and it actively supports the independent activity of the social organizations expressing that diversity. Socialism is moreover in need of such diversity, seeing in it an essential condition for the further ascent of the creative activeness of people, initiative, the competition of minds and talents, and forward progress.

Today as never before, the progressive role of socialist pluralism of opinions is great. Pluralism of opinions has become a reality here, it works, it is having an effect and is developing.

Today we can sense in practice what a mighty reserve this is for the development of democracy. It does not express a representation of different interests of society, social groups, collectives and individuals alone. Pluralism reflects the struggle of different interests and the competition of varying opinions on how best to accomplish one and the same interest. Conditions for seeking and finding the truth and devising the most effective solutions are created in the process of comparing a multitude of viewpoints and debating issues of contention.

It is difficult to predict the direction the further development of pluralism will take. But practice is already demonstrating that everything can hardly be limited to the sphere of consciousness and debate. As soon as there is an opinion, and what is more a collective one, and what is more a consolidated one, this means that there will be the corresponding behavior as well. We talk about "right-wing" and "left-wing" forces affecting the course of restructuring. They cannot be underestimated. But the point is that the attacks on the CPSU Central Committee



that M.S. Gorbachev was talking about in his meeting with scientific and cultural figures are not limited to the theory and politics of restructuring alone. Not only the socialist nature of Soviet society, but also its socialist future and the realism and vitality of the very Marxist doctrine of socialism, are being called into question. All naturally under the banner of a search for the truth. A number of features present a treatment of the history of socialist construction that subjects to criticism not only the crimes of Stalin, the deformations and the mistakes, but also cancels out the progress of the Soviet people along the path of socialism overall.

What does this mean? This means that pluralism is not being held back within the boundaries of socialist thought. I see how beneficial an effect the free discussion of academic and political problems is having on the activity of our institutions and on the mindset of the Soviet people, how their talents and abilities are being revealed in social activity. But I am in favor of making theoretical socialist thought more creative. I am not talking about the journals, but there are a clearly not enough theoretical features in the pages of the central newspapers, including party newspapers, on the issues being sharply debated. I fear this is being done under a doubtful pretext: not to hinder the free expression of will. But when party policy on fundamental issues and socialist values are subjected to criticism, sometimes even exceedingly unsubstantiated, such a meditative position signifies the surrender of ideo-political positions. And then pluralism begins to lose an important property—the battle of opinions. All the scoring, as they say, is at one end.

The main thing is that socialist pluralism foster constructive work in researching vitally important problems, including such problems as the Leninist concept of socialism, contemporary forms of the socialist structure of society, social forms of ownership and raising economic activeness, the interaction of social equity and economic efficiency, the plan and the market, prices and price formation, wage systems under socialism, interpreting the difficult stages of our history, changing the role of party committees and the soviets, the fight against bureaucracy, the development of new forms of economic operation (leasing, contracts), cooperation etc. All of this, of course, is based on the patient and constructive juxtaposition of the reasoning of those arguing, but on the basis of a careful study of real processes. This is all the more important as socialism is inconceivable without democracy, and democracy without pluralism and glasnost.

**Tajik Oriental Studies Institute-UNESCO Ties**  
18070136 Dushanbe *KOMMUNIST TADZHIKISTANA*  
in Russian, 21 Jan 89 p 2

[A. Tursunov, director of the Institute of Oriental Studies of the Tajik Academy of Sciences: "We Must Not Remain Inert"]

[Cross Reference] A. Tursunov's article, subtitled "Scientific Provincialism in Social Studies Is Fraught With

Negative Consequences," discusses the state of social studies, especially oriental studies, at his institute today and the institute's ties to UNESCO's research programs, in particular "The History of the Civilization of Central Asia."

A translation of this article will appear in the UPRS Report SOVIET UNION: POLITICAL AFFAIRS.

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**Propaganda Guidance on "Common European Home" Theme**

*18070529 Moscow AGITATOR in Russian No 24, Dec 88 pp 35-37*

[Article by A. Maslennikov: "Building Our Common European Home"]

[Text] It would not be an exaggeration to say that in the history of Soviet foreign policy, at least in its European direction, there has never been a period so rich in events as the past few months. The chancellor of the Republic of Austria F. Vranitzky, the prime-minister of Italy C. DeMita, the chancellor of the FRG G. Kohl, the president of France F. Mitterrand, and the chairman of the CSSR government L. Adametz all visited Moscow. USSR Minister of Foreign Affairs E. Shevardnadze visited France.

At the talks between the Soviet leaders and the high-ranking representatives of the above-mentioned countries, various questions were raised regarding bilateral relations and international policy on the whole. However, there was also a common denominator. This denominator became the mutual desire to strengthen cooperation and mutual understanding and to fill with specific content the principles of new political thinking which are being embodied in the concept of the "common European home" presented by the Soviet Union.

**Do we need to hold talks?** We must note that the constructive character of the contacts which have been made and the joint search for means of establishing a sound peace and mutually beneficial cooperation between the East and West was not to everyone's liking. While the participants in the talks themselves, realistically thinking politicians and journalists, welcomed the broadening of constructive ties and especially the conclusion of specific agreements on economic cooperation between the USSR and its Western partners, those who had become accustomed to thinking in terms of the "cold war" saw in them a "threat to the unity of the West", "giving aid to the enemy", etc.

Well, the reaction is not a new one, and in some ways it is even logical. In fact, if we proceed from the fact that the Soviet Union remains the "irreconcilable enemy", with whom war is sooner or later inevitable—and this is specifically how the enemies of rapprochement and mutual understanding between the East and West interpret the state of affairs—then any cooperation with it in matters of economic or scientific-technical development would be not only unjustified, but in effect dangerous. Experience shows that old notions raised in people's consciousness during the decades of the "cold war" do not die easily. And not only in our Western opponents.

In order to be objective in regard to the people who experience scepticism in evaluating the prospects of such talks, we must admit that there really is some basis for

mistrust. Too long and cynically have our Western opponents conducted an organized persecution and slandered everything associated with socialism and communism. It is a generally known fact that even some 5-6 years ago the head of the current American administration, President Reagan, threatened to "send socialism to the ash-heap of history". The Soviet people can feel in their everyday experience what the arms race imposed by the NATO bosses has meant for each of us, what a mortal danger is posed by the nuclear missiles aimed at our cities, villages and transport arteries and based at the countless U.S. and NATO installations, including also on the territory of those West European countries with which we are now conducting talks. The sprouts of the new thinking, which is called upon to replace forceful confrontation with open and unprejudiced political dialogue based on a full accounting of the legal interests of the partners, are still having trouble in breaking through the ice covering of the "cold war" which has still not thawed out in some places. Finally, it is also no secret that to conduct negotiations which presume a mutual desire to make concessions is interpreted by some in the West as a sign of weakness and possibility of increasing pressure on the Soviet Union.

It is specifically these factors that one of our readers, V. Basko from Saratov, was referring to when he sent a letter to the editors of AGITATOR on the eve of Kohl's visit. In it, he expressed his doubts as to the expediency of the upcoming Soviet-West German talks. Referring to the materials published previously in the journal regarding the U.S. military bases in Western Europe, and primarily in the FRG, and also to the friendly relations which exist today between Bonn and Washington, V. Basko writes that he does not see any signs which would confirm Chancellor Kohl's desire to "improve mutual relations with the Soviet Union". The land of the FRG fortified with military bases and death-dealing nuclear weapons will continue to be the military arsenal of the USA, and talks with Kohl, in the opinion of the author, will hardly do any good.

Well, perhaps we really should close the door to the West German chancellor?

Let us look into this matter. Let us assume that the leaders of the Soviet Union listened to the advice of the Saratov reader and refused to talk with the head of the FRG government, and in general refused any efforts to improve mutual relations with this country. What would come of this? Would those 7,000 nuclear missiles and around 4 million liters of chemical poisonous substances mentioned by V. Basko disappear from the West German territory? Of course not. The arsenals of this most deadly weapon might even increase. The same is true also for the concentration of American troops on the FRG territory.

And what would be the state of affairs with Soviet-West German economic cooperation? We know that the FRG is one of our country's largest trade partners from the

capitalist world. Through the channels of trade-economic exchange the Soviet Union gets from the FRG the machines and equipment necessary for our national economy and certain consumer goods which are in short supply on the Soviet domestic market. The history of recent years recalls that when Washington, reacting to the events of Afghanistan, placed an embargo not only on its own exports to the USSR of certain types of industrial goods, specifically equipment for oil pipelines, but also tried to force its Western allies to do the same, the companies of the FRG turned out to be among the few who remained true to the responsibilities which they had previously assumed. Most recently, joint enterprises have begun to occupy an important place in Soviet-West German economic cooperation, including joint enterprises for the manufacture of footwear and other mass consumer goods.

So, if someone on the Rhine acts or says something we do not like, does this mean we should reject all this? Obviously, such a course would be imprudent to say the least.

**Significant results.** Now let us see what meetings and discussions have given our country, and Europe as a whole. Here we will give particular attention to the talks between the USSR and the FRG, since the relations between our two countries have always had central importance for peace and stability in Europe. "The role of our two countries in the overall complex of great politics is irreplaceable," said CPSU Central Committee Secretary General and USSR Supreme Soviet Presidium Chairman M. S. Gorbachev at a dinner in honor of FRG Chancellor G. Kohl. "This is why we need such relations which would be based on trust and realities, in short, which would answer the spirit of the time and its imperatives... It is time for us, Europeans, to finally act in accordance with the logic of the new time: not to prepare for war, not to frighten each other, not to compete in developing weapons, to engage not only in the prevention of war but, as Mr. DeMita so aptly said in his conversation with me, to learn to create peace".

And the questions of peace in Europe, disarmament, and construction of a new home, in which all European peoples could live not simply in peace, but as friends and good neighbors, have really occupied a central place in the Soviet-West German talks. It was stated that today we already cannot speak of the split of Europe in the sense that this was said 20 or even 10 years ago. The Helsinki Accord laid the beginnings of the all-European process, which in recent years has begun to gain new strength thanks to the energetic, sincere and honest dialogue between the leaders of the countries of Western and Eastern Europe, the USA and Canada. The conferences of participant countries in the Meeting on Security and Cooperation in Europe held in Madrid, Stockholm and Vienna, as well as the four Soviet-American summit meetings which were crowned by the signing of the INF

Treaty, largely facilitated the warming of the international atmosphere and gave an impetus to the formulation of trust. This made it possible to present the idea of the "common European home", which is today actively being discussed by both public and political circles, and by the governments of many countries on the continent.

The "common European home" cannot be built in any other way but on a sound foundation of mutual security. A detailed discussion took place on this subject between the leaders of the USSR and the West European countries. They were not able to agree on everything. The Soviet Union and the Warsaw Pact states have their own conception of reducing conventional weapons and armed forces in Europe from the Atlantic to the Urals. The following sequence would be logical in this process: to honestly count up what each of the sides has; to eliminate imbalances; to uniformly curtail the remaining potentials to acceptably low levels which would ultimately exclude the very possibility of sudden attack. The governments of the West European countries have their own notions on this matter. Nevertheless, the parties agreed on the fact that they must sit down at the negotiating table without delay, for which it is necessary to coordinate their mandate in Vienna as soon as possible.

Of course, the meeting participants did not conceal the difficulties which might arise along this path. Therefore, in the course of talks with the FRG chancellor, the Soviet leader once again reminded him of his proposal to hold something akin to a "European Reykjavik"—i.e., a meeting of the top leaders of the European countries, as well as the USA and Canada.

The agenda of the talks on economic and other questions of cooperation turned out to be quite heavy and fruitful. As a result of the constructive dialogue between the representatives of the Soviet and West German departments, a series of documents was signed which provided for the expansion of cooperation between the two countries in the sphere of environmental protection, cultural exchanges for the years 1988-1989, agreements on effective warning in case of a nuclear accident and on exchange of information on nuclear installations, on preventing incidents on the high seas, on furthering cooperation of enterprises, companies and organizations in the food industry, on scientific-technical cooperation in research, and on the application of space for peaceful purposes.

In the course of the visit, agreement was reached and a general accord was signed between the USSR Foreign Economic Bank and a FRG bank consortium on giving the Soviet side credit in the sum of 1 billion rubles for the purpose of modernizing the Soviet economy, specifically in the sphere of the light and food industry. In practical application, we are speaking of retooling on a current basis around 200 plants and factories in these sectors of industry, which would then be able to produce macaroni goods, cheeses and other products which are in high

demand. In the sphere of light industry, there are plans to modernize a group of tricot factories, footwear enterprises, and certain others. Over 30 contracts were signed between the Soviet and West German partners.

The discussion with the leaders of Western countries also touched upon the general principles which might facilitate further expanding economic and scientific-technical cooperation between the European countries and giving it a stable and long-term character. The question was discussed in this context and progress was achieved regarding the conclusion of an agreement on encouraging and protecting investments in the USSR and FRG. The idea of creating centers of industry and trade in the two countries was met with some interest. These centers, according to the evaluation of the parties, could make a significant contribution to the intensification of economic relations and improvement of the infrastructures. At the proposal of the West German side, projects were coordinated for training and advanced training of Soviet specialists at West German enterprises and educational institutions.

Both sides agreed to enter into negotiations in short order for the purpose of working out agreements on creating institutes of culture on the basis of mutual endeavor. Proposals were reviewed for expanding the exchange between scientific institutions and VUZes in the two countries and promoting exchange trips by youth delegations and partnership ties between schools for the purpose of studying each other's language. An agreement was reached on holding regular consultations on questions of information, as well as on continuing the exchange of information and experience in the field of combatting terrorism and drug addiction.

In short, the results of the Soviet-West German talks in Moscow, as we see, were quite significant. That is how they were evaluated by the leaders of the two countries—as an “extraordinary event” aimed “at seeking a reliable channel leading to a new stage in relations between the Soviet Union and the Federative Republic of Germany”. That is how M. S. Gorbachev evaluated the discussions held in Moscow. “Our visit to the Soviet Union not only opened a new page in the history of relations between the FRG and the USSR, but an entire chapter”, announced Chancellor Kohl, speaking at the press conference in Moscow. As a result of the talks, he added upon his return to Bonn, the foundation for mutual trust has been expanded and strengthened.

Similar evaluations of the Soviet-West German and other high-level meetings were given also by the means of mass information and the leading politicians of a number of Western countries. G. Kohl's visit was an important step, announced prime minister of the West German territory of Baden-Wurtemberg, L. Shpet. Today the creation of a “untearable fabric” of relations is taking on decisive importance. With the “heartening intensification of economic cooperation and signing of numerous agreements, the priority must be given to the rudimentary political questions, and especially disarmament”, said the chairman of the SDPG [Social-Democratic Party of Germany] K. I. Fogel in response to the results of the Moscow talks.

Our government was quite correct in concluding with the Soviet Union an agreement on credits aimed at economic and trade cooperation, announced the political secretary of the Italian Socialist Party, Bettino Craxi, speaking in Rome. The USSR does not need anyone's aid. Aid is given to the poor countries, and not to one of the world powers.

The European bankers were literally overcome with an epidemic thirst to give loans to Moscow, writes the French weekly PUEN. Within several days, there were announcements of granting or promising the Soviet Union around 7 billion dollars... We might say that West Germany, Italy and Great Britain are giving the Soviet Union full freedom of action. Even France has hastened to take part in this share of these “reverse spoils”. A timely information leak has allowed us to learn that negotiations are presently being held on granting the Soviet Union a loan in the sum of 12 billion francs.

The reaction in the West European capitals undoubtedly reflects the ever growing attraction of economic ties with the Soviet Union, which business circles in an ever greater number of Western countries are realizing. In talks with the socialist countries it is useless to constantly place the emphasis on the problem of human rights, writes the British FINANCIAL TIMES, since all eyes in the West “are now turned toward the huge Soviet market”.

Of course, it would be incorrect not to see that far from all the problems of European policy were resolved during the talks held in Moscow. There is still much to discuss and implement in the course of the upcoming mutual visits by the leaders of the European countries.

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**CEMA Problems, Prospects on 40th Anniversary**  
*18250087 Moscow EKONOMICHESKAYA GAZETA*  
*No 6, Feb 89 p 20*

[Article by Konstantin Ivanovich Mikulskiy, USSR Academy of Sciences corresponding member and deputy director of the World Socialist System aded of its existence, the Council of Economic Mutual Assistance has played an enormous role in forming a new type of international economic relations. As is known, the economic cooperation of the CEMA countries is carried out in different forms. However, the turnover of mutual trade, which was almost 207 billion rubles in 1987 as against fewer than five billion rubles in 1950, primarily describes its scales. Another figure also describes the degree of the CEMA countries' economic consolidations: ades of its existence, the Council of Economic Mutual Assistance has played an enormous role in forming a new type of international economic relations. As is known, the economic cooperation of the CEMA countries is carried out in different forms. However, the turnover of mutual trade, which was almost 207 billion rubles in 1987 as against fewer than five billion rubles in 1950, primarily describes its scales. Another figure also describes the degree of the CEMA countries' economic consolidations: 65.5 percent of their total foreign trade turnover occurred in mutual trade during 1987.]

**The Pluses of Cooperation and the Minuses of Omissions**

Of course, the economic ties between CEMA countries are not an end in themselves; they have been put to the service of expanding production forces. These ties have contributed to the fact that the total national income of the CEMA countries grew 10-fold from 1950 to 1987; industrial production—16-fold; and agricultural production—2.8-fold. Even considering possible amendments to the cost indicator indices, these rates of growth significantly exceed similar indicators for the group of developed capitalist states.

If we look at the rates of economic growth of individual socialist countries, another CEMA achievement becomes evident: The economically lesser developed European states, which are included in the council, have moved forward at relatively faster rates. By the middle of the Seventies, the problem of aligning the levels of economic development in the CEMA European region had lost its former urgency.

Something else, however, could not fail to be seen: From the beginning, the cooperation of the socialist countries was not aimed at a close mutual interweaving of the national economic complexes that were taking shape; the forms of production specialization and cooperation, which were developed, were underestimated. Cooperation was mainly oriented toward satisfying the countries' needs for specific products through the coordination of

plans and subsequent mutual deliveries and not toward increasing the effectiveness in using national resources and the advantages of an international socialist division of labor.

Unfortunately, this approach was not overcome when the material preconditions for organizing complex forms for the international socialist division of labor and production cooperation appeared. This reduced the effectiveness of cooperation and, in the final analysis, had a negative impact on the dynamics of the effectiveness of economic activity in each country.

The perfecting of planning activity instruments also did not straighten out the situation since the cost criteria of the effectiveness of cooperation were poorly taken into consideration. Essentially, the primary economic links had no interest in socialist economic integration. The commodity and monetary relationships in the international area did not provide timely stimulants to optimize the structure of the CEMA countries' economies. As is known, the price formation mechanism in the world socialist market smoothed out the sharp increase in oil prices during the Seventies. As a result, it did not become a strong incentive for the CEMA countries to shift to an energy-savings path of development in their plans.

Many projects coordinated within the framework of CEMA, as, for example, the long-term special-purpose cooperation programs that were adopted on the line between the Seventies and Eighties, have to a large extent remained as agreements on intentions. During the preparations of these programs, it was assumed that the necessary resources would be found. However, we were far from always successful in solving the problem of resource support for the planned measures along the way—so to speak "in an operational manner." The CEMA countries have still practically not mastered those computational instruments and methods which show how much an individual national economy provides and how much it receives during integrated cooperation with its partners. Such instrumentation is a necessary condition for the purposeful and mutually beneficial deepening of the division of labor.

Unfortunately, the old approaches were not completely eliminated during the preparation of the Complex Program for the Scientific and Technical Progress of the CEMA Countries out to the Year 2000, which was adopted in 1985. The implementation of this program, which is very important for socialist cooperation, rests on the lack of preparation of the resource base and the weakness of economic incentives. If one manages more or less successfully to make joint efforts during the stages of scientific research and development, the division of production quotas between the countries will take place much more intricately. The fact of the matter is that market ties have still not been pushed aside so as to create a constant need for innovations in CEMA country producers.

The fulfillment of the scientific and technical progress complex program cannot be carried out using the administrative method. The lively and genuinely cost accounting interest of the numerous CEMA country labor collectives, their direct mutual contacts and the use of incentive measures connected with expanding competition in the area of international economic ties are required here. The difficulties in realizing the scientific and technical progress complex program will only be overcome within the limits of a radical and complex restructuring of the system for managing economics in each country.

### The Concept of Restructuring

A genuine turning-point has been reached during recent years in the development of the multifaceted cooperation of the socialist countries. The task has been posed to restructure in a qualitative manner the entire mechanism for the interaction of the fraternal countries along the avenue of expanding economic management methods, direct production ties at the level of the basic economic link with a simultaneous improvement in the role of coordinating economic policy, and a greater mutual coordination of national concepts of economic growth.

The decisions of the 43d (special) and 44th CEMA sessions were aimed at a radical renewal of the coordination mechanism. In particular, an agreement on studying and establishing conditions for the gradual formation of a common socialist market has been achieved between the nine CEMA countries.

Joint work to create the required cooperation instruments is now taking place within the CEMA framework. Besides improving cooperation in the area of planning and coordinating economic policies more deeply, they are talking about expanding commodity and monetary relations, establishing a real currency exchange, intensifying the activity of international banks, and expanding the contract price system.

Payment, custom and other separations, which exist between the partners in integration (in particular, the decisions, which were adopted in the Czechoslovak Socialist Republic, the GDR and the USSR on banning the export of a broad products list of consumer goods from these countries), testify that the path to a common socialist market will not be an easy one. The saturation of the CEMA market with high quality goods is needed first of all. The establishment of currency exchanges, in which the exchange ratios of the national monetary units of the socialist countries would be freely revealed, would clearly provide a definite effect. The achievement of a high international mobility of production forces and scientific and technical results and the gradual shift to a non-contingent exchange of goods and to the inter-country movement of financial resources are the strategic goals.

Another critical step has matured. The orientation of the foreign economic ties of this or that country towards the simple maintenance of a natural balance in the national economy and the subordination of exports almost exclusively to the task of supporting the required imports, has become outdated. An orientation toward obtaining an economic effect as a result of international exchange and toward increasing national income is required.

All of this is achievable only by establishing an economic mechanism directed toward increasing the effectiveness of the economy. As its establishment becomes more and more a reality, the preconditions for a new stage in the development of the CEMA countries' cooperation are taking shape. Unfortunately, the situation is being complicated by a number of current problems. Stagnation is being observed in the barter between the USSR and a number of the fraternal countries and the problems in balancing their mutual accounts are being aggravated. The enterprises, which have shifted to full cost accounting, are weighing the economic soundness of the external obligations that had been adopted by them (more accurately, imposed on them by central agencies) under the previous situation. All of this sometimes gives birth to the fear that the opportunities for economic ties between CEMA countries are narrowing.

What can one say about this? In actuality, the opportunities for cooperation are becoming broader. Despite the present difficulties, the economic mechanisms of the CEMA countries are changing in a direction that encourages enterprises to engage in foreign economic activity. It is important that these changes coincide in content within the different countries more and more. Consequently, the negative impact of differences in the economic mechanism of individual countries will be reduced.

### The Preferences of Mutual Advantage

The importance of the principle of mutual advantage is growing under the changing conditions of cooperation. This does not abolish the principle of mutual help but, on the contrary, permits its realization at a higher level.

Until now, a simplified understanding of mutual help has been propagated. It was often discussed separately from economic realities and opportunities and was opposed to the requirements of economic effectiveness. It is now becoming clear that the normal development of cooperation is not possible without mutual advantage and the principle of mutual help exactly means joint work to establish conditions for obtaining an economic effect from each country's cooperation.

Of course, free help is also provided and different privileges are granted in necessary cases. This mainly concerns assistance in raising the economies of the lesser developed countries: Mongolia, Cuba and Vietnam. CEMA is carrying out important collective measures in their interest and is offering help on a bilateral basis.

However, new approaches are appearing even here. More attention is being paid to the rational use of the assets allocated. Opportunities are being found to invest them so that not only the country receiving help will receive an economic gain but also the country providing the help can satisfy some one of its national economic requirements or other. We are talking about, for example, the receipt of raw materials, cooperation in production using the labor resources on the lesser developed country's territory and the temporary transfer of workers to the more developed country in order for them to receive qualifications and at the same time alleviate a manpower shortage in that country.

However, a review of the traditional notions about ways to improve a lesser developed country's economy and industrialization methods and of the nature of the national economic complex being created in it, is even more important. Autarchic ideas about the structure of the desired national economic complex and attempts to force the industrialization process excessively and to ignore the task of developing agriculture and other traditional branches are becoming a thing of the past.

The understanding of the problems has now gone beyond the limits of the notions of the Thirties-Fifties which were connected with the Soviet industrialization model that arose under specific historical conditions. It is becoming evident that the difficulties, which are being experienced by the lesser developed CEMA countries, the instability in their economic growth rates, the unsatisfactory dynamics of their economies' effectiveness, and the insufficient capability—which is connected with this—to form their own accumulations for expanded production do not reflect only the economic mechanism shortcomings that are common to a large extent to socialist countries. The reason also lies in the lack of development in the strategic concepts for expanding the economy, its structure and its place in the international division of labor. It is clear that the solution of these questions cannot be the work of one country. It requires mobilizing the experience and efforts of all cooperating countries.

It is also impossible to lose sight of the important fact that, although bilateral economic relations predominate within the CEMA framework, the future favors using multilateral forms. We are not talking about an "equalizing" approach to the countries. A differentiated cooperation mechanism, which considers the specific nature of the group of countries, is required. It is necessary to keep in mind that only those countries, in which the objective preconditions have ripened, can effectively participate in certain actions within the CEMA framework. The long-term trend, however, will consist of an increase in the role of multilateral cooperation.

**Overview of Lithuanian Cooperation with CEMA**  
*18250086 Vilnius SOVETSKAYA LITVA in Russian*  
25 Jan 89 p 3

[Interview with Vitautas Sharka, deputy chairman of the Lithuanian SSR Council of Ministers and chairman of the Lithuanian SSR Gosplan, by R. Chesna, ELTA correspondent; date and place not given; first paragraph is SOVETSKAYA LITVA introduction]

[Text] Vitautas Sharka, deputy chairman of the Lithuanian SSR council of Ministers and chairman of the Lithuanian SSR Gosplan, answers questions from an ELTA correspondent.

[Chesna] The council of Economic Mutual Assistance (CEMA)—the socialist countries' international economic organization—was established 40 years ago. It would be interesting to learn what ties Soviet Lithuania is maintaining with the socialist commonwealth countries.

[Sharka] Along with the other Soviet republics, Soviet Lithuania is actively participating in socialist integration. The forms of collaboration are diverse. Besides the traditional forms (foreign trade and the exchange of valuable experience in scientific and technical achievements), there are also new ones: cooperation; direct production, scientific and technical ties; the establishment of joint enterprises; and participation in the Complex Program for the Scientific and Technical Progress of the CEMA Member Countries out to the Year 2000.

[Chesna] What benefit does trade with the CEMA member countries bring to our republic?

[Sharka] Machine building, metal working, petroleum refining, agricultural, food processing industry, wood working, pulp and paper, and light, local and chemical industry products form the major portion of the republic's exports to CEMA countries. In turn, quite a few industrial products and other products in great demand are imported from the socialist commonwealth countries. This permits our industry and agroindustrial complex to be expanded and the republic's population to be better supplied with the necessary goods.

Moreover, barter, which state and cooperative trade organizations carry out independently or through the appropriate associations of the USSR Ministry of Trade and the consumer cooperatives of the Central Union of Consumers' Cooperatives, is expanding.

The republic's cost accounting Litimpeks Foreign Trade Association is contributing to the expansion of traditional foreign trade ties. At the end of last year, another foreign trade association, Agrolit, was established. It will service agroindustrial committee enterprises and organizations on a contract basis.



[Chesna] The complex program for the scientific and technical progress of CEMA member countries plans for the socialist countries to achieve a high level in developing science, technology and production along the main avenues of scientific and technical progress by the end of the century. How is the republic participating in this program?

[Sharka] Soviet Lithuania's scientific organizations are actively participating in solving the main priority problems. The Academy of Sciences Mathematics and Cybernetics Institute, Vilnius University and the Kaunas Polytechnical Institute imeni Antanas Sneckkus are performing important research in the field of incorporating electronics into the national economy. The Academy of Sciences Physics Institute is working fruitfully in the area of integrated automation; Vilnius University—in the area of creating new materials and the technological Institute imeni Antanas Sneckkus—in the area of biotechnology. A group of heart surgeons from the Central Scientific Research Laboratory of the Kaunas Medical Institute has been included in the scientific and technical collaboration program of the CEMA countries.

Lithuanian scientists will help to design a new generation of high-speed supercomputers based on artificial intelligence principles that will perform more than 10 billion operations a second; high-speed optical communication systems; rapid switching systems of different types; and new composition, polymer and ceramic materials, and to introduce the achievements of brilliant engineering into practices.

Along with this, it is necessary to point out that the republic's scientific organizations could have participated more actively in implementing the CEMA complex program because the republic's scientific potential on the priority avenues is at a rather high level.

[Chesna] How are direct ties with the enterprises and scientific organizations of the socialist countries being expanded? What are the prospects for this collaboration?

[Sharka] As is known, the USSR government has concluded bilateral agreements with the governments of Poland, Czechoslovakia, the GDR, Hungary, Bulgaria, and Mongolia on expanding direct production, scientific and technical ties; and with Poland—on expanding direct trade ties between the internal trade organizations of the border regions (Lithuania and Belorussia).

Within the framework of these agreements, Lithuania's enterprises and organizations have concluded approximately 190 contracts with partners from the socialist countries (including 92 contracts with Polish enterprises and organizations). Among the cooperating partners are enterprises and organizations of the agroindustrial committee, transport, local and lumber industries, other departments, and a number of industrial enterprises of union subordination.

The direct production ties are establishing good conditions for production cooperation. Whereas the higher union-level organizations previously regulated everything strictly, the enterprises can now solve a great deal themselves. The cooperation of the Vilnius Electronic Measuring Equipment Plant and the Hungarian Gants firm testifies to how this can pay off. They have organized the production of everyday electric meters (worth approximately half a million convertible rubles a year). The Vilnius plant delivers a number of assemblies and items to its Hungarian partner; the Gants firm assembles the meters and sells them, settling accounts with our enterprise with equipment. Thus, favorable conditions are established for our enterprise to raise the technical level of production very rapidly; and the Gants firm saves quite a few assets because it is cheaper for it to purchase the above-mentioned assemblies from us than to produce them itself.

The spectrum of cooperation with CEMA country organizations is expanding. Thus, the Kaunas Machine-Tool Building Production Association imeni F. Dzerzhinskiy, the Vilnius ENIIMS branch and the Czechoslovak Somet enterprise in Teplice have arranged for the cooperative production of plate-measuring engines that will permit the productivity of measuring operations to be increased severalfold. The Kaunas Paper Factory imeni Yu. Yanonis and the Czechoslovak Fotokhema firm are cooperating in the designing of photographic and reprographic materials that had been imported from abroad until now. During the last two years, the institutes of the Lithuania SSR Academy of Sciences have concluded 11 contracts with scientific institutions in Bulgaria, Poland, Romania, and Hungary and are carrying them out. New technologies and instruments are being jointly developed and common experiments are being conducted.

[Chesna] A new step in improving cooperation is the establishment of joint enterprises ....

[Sharka] The first of these enterprises—Litgara-Volanpak—began its economic activity during the middle of 1987. From our side, the Litgara Production Association is included in it; from the Hungarian side—the Volanpak Packaging and Packing Production Firm. The enterprise produces and sells transport packaging, packs products, transports them, and engages in the servicing of packaging equipment. The joint experience of the Lithuanian and Hungarian packaging producers will permit products, which are competitive in the world market, to be produced in the next few years.

The joint Soviet Bulgarian Lit-Balkankarservis Enterprise is also beginning its work. Its founders were the Vilnius enterprise for repairs and maintenance, the Litinstrumentmashsnabsbyt of the Lithuanian SSR State Committee for Material and Technical Supply, the Ukmergskiy Repair Mechanical Plant, the Balkankarservis Economic Association, and three other Bulgarian

organizations. It will prepare electric and lift trucks, which are received from the Balkankarservis Association, for operation and perform warranty repairs and maintenance on them.

The Lithuanian Litstankoprojekt Scientific and Production Association for the Integrated Designing of Machine-Tool Building Enterprises and the Fritz Khekker (GDR) Combine are establishing joint enterprises to produce equipment for flexible production systems.

[Chesna] How will the republic's independence in expanding economic ties with foreign countries, in particular, with the countries of the socialist commonwealth, be raised? How are these prospects reflected in the overall concept of regional cost accounting and in the draft of common principles?

[Sharka] The draft emphasizes that the development and deepening of foreign economic ties, the raising of the export potential of departmental facilities, and the maximum use of local capabilities to receive currency are some of the most important avenues in the republic's activity. The union republics are being granted the right to develop direct ties and establish joint enterprises, associations, scientific centers, and other organizations both in the republic and abroad; to develop border and coastal trade; and to open cost accounting foreign trade representation abroad and in the republic—the representation of foreign firms, expanding foreign tourism, etc. It has been pointed out that the union republic will be able to use the currency fund, which it receives, independently. Several questions have already been solved. Thus, the right to enter a foreign market directly is being granted to enterprises, organizations and production cooperatives on 1 April of this year.

**Problems of Soviet Advisers in Mongolia**  
*18070140 Moscow KOMSOMOLSKAYA PRAVDA*  
*in Russian 15 Dec 88 p 3*

[Article by L. Arikh, KOMSOMOLSKAYA PRAVDA's own correspondent in Ulan Bator: "Who Needs Me? Asks Anatoliy Shumak, One of Many Soviet Specialists Working in the Mongolian Back Country"]

[Text] On the second day of my assignment in Bayanhongor Aimak, a thin young man called on me at the hotel and introduced himself: "Anatoliy Shumak, heating engineer at the 'Baydrag' Goskhhoz [State Farm]."

When they offered Anatoliy Shumak, chief mechanic at one of the rayon associations of the Selkhoztekhnika [Agricultural Equipment Association] in Leningrad Oblast, work in the MPR [Mongolian People's Republic], he did not hesitate: this was an excellent opportunity to prove himself under new conditions as well as to help our Mongolian friends! Though it troubled him somewhat that he had been offered the position of heating engineer.

Seeking order in everything, Anatoliy asked those who were preparing his travel documents to outline the range of his future duties. And soon he knew by heart how he should conduct himself abroad (right down to what to eat and drink), but just what he had to do as a heating engineer remained a secret... The account by his predecessor working in this position did not help, either.

This is the condition under which Anatoliy arrived in Ulan Bator...

"I arrived on the eve of the New Year, 30 December," Shumak recalls. "But no one meets me. What do I do? I had difficulty telephoning the Mongolian ministry I needed from the train station. Fortunately, the person that answered was connected with the distribution of our specialists. They sent me to a hotel. When it came time to pay, they demanded cash. I was horrified to discover here that I did not have enough money. After all, they advised me before I left to change only a little. I had to sell the cigarettes I had brought with me, which is not recommended, you understand. No one had told me that in accordance with established procedure, a Soviet specialist leaving for the Mongolian back country can place an order for the basic food products after paying for them beforehand at the trade delegation in Ulan Bator. I did not do this, and my family and I had to make ends meet in the new place with flour alone at first. Thankfully, the managers of the "Baydrag" Goskhhoz helped with meat and other products.

I learned from talking with our other specialists working in the MPR that such "gaps" are quite typical. Meanwhile, in Ulan Bator, a group of Soviet specialists is working at the MPR Ministry of Agriculture and Food, and it is precisely the workers in this group who should provide detailed instructions for our agrarian specialists before they begin working in Mongolia. However, this is more often limited to the irritating instructions about rules of conduct. At best, the new specialists are given the opportunity to read the accounts of their predecessors. For some, though, instructions have been developed which set forth their duties. But among the abundance of common words such as "organize," "ensure," and "strictly control" what is most important is lacking, unfortunately—a specific program of actions, one designed for a specific period of time, moreover. But the stipulation of specialists' rights is somewhat conditional in nature.

Anatoliy Shumak became aware of all this right after he arrived at his permanent place of work—the "Baydrag" Goskhhoz. He made the rounds of the farm and was horrified. He was especially concerned about the boiler room. The school and the nursery were practically unheated: in some places, the "system" was touched with frost. When he began looking into it, he realized that the problem was caused by low-power pumps, small-diameter pipes, low-quality coal, and the lack of an ashpit fan.

He was also troubled by the condition of the purification structures. They had been designed so that the drainage ditches (not paved with concrete, incidentally) were only a kilometer from the well which supplies the goskhoz with water. Such an arrangement is risky, if not dangerous. Anatoliy could have "not noticed" this, of course (as they had before him for 10 years). However, he was accustomed to following his conscience in his work.

He began raising these and other problems before the goskhoz managers. Incidentally at first, then more persistently. However, the displeased looks of the managers showed him right away that the goskhoz administration had decided that the Soviet specialist was not concerning himself with his own work. But when he rolled up his sleeves, took up a hammer and pliers or ran along the heating main from point to point, correcting the malfunctions himself, stayed on duty in the boiler room, or even left to get spare parts for a harvester...(which by no means came within the scope of Anatoliy's responsibilities), the authorities did not look disturbed or displeased at all.

The question in the article title can be repeated by many other Soviet specialists after Anatoliy Shumak, I am sure. Are they needed in Mongolia namely as highly skilled professionals? If so, what should their status be in such a case?

What needs to be done to increase the effectiveness of the assistance given by them? A mass of other questions follow from the single question asked by Anatoliy, as we see...

Soviet specialists are working in most of the goskhozes and agricultural associations in Mongolia. The procedure which has taken shape over many years remains invariable: the personnel are replaced every 2 or 3 years. They have the best of objectives—to help one farm or another to come up to its planned capacity. However, it often happens that during a Soviet specialist's stay the goskhoz changes his specialty (and even repeatedly), and the people continue working in the old ways.

Or this fact. At first the Mongolian side asked basically for the lead specialists in the sector—agronomists and livestock experts—to work under contract in agriculture. Then competent economists and accountants were needed. But in recent years there has been a considerable increase in demand for engineers in labor-intensive processes, electricians, and heating and sanitary engineers.

Well technical and engineering support for agriculture is playing an extremely important role now, when the republic has embarked on intensification of the economy. But it ought to be the other way around in this case—by reducing, not increasing, the number of lead Soviet specialists and consultants. After all, on most of the farms in Mongolia, their own agronomists, livestock

experts, and even breeders have increased and accumulated experience, and it is doubtful that they need backups in such numbers now.

Nevertheless, complaints can still be heard from some of our specialists about the inadequate experience of those under their guidance. I am not undertaking to make a judgment about everyone, but this is often done with a single purpose—to extend their contract. After all, a Soviet specialist's wages in Mongolia are considerably higher than the rate in the Soviet Union...

Can we struggle against such an approach? We can. Specialists believe that for this it is enough to change the work incentive system for consultants and to pay them for the specific amount of work that has been carried out, taking into account the quality of the work, not the length of time in detached service, in the process. With an excellent evaluation given by a competent Soviet-Mongolian commission, the wage for individual specialists may be increased by 25 or even 50 percent. Or just the opposite, reduced.

In other words, a thoughtful approach is needed in assigning Soviet agricultural specialists to work in the MPR. The existing system leaves much to be desired, to put it mildly. Sometimes persons are still sent to Mongolia from the center when they have nothing in common with agricultural problems, without coordinating personnel questions either with the authorized staff of the USSR Gosagroprom [State Agroindustrial Committee] or the group of Soviet specialists at the MPR Ministry of Agriculture and Food. A check of the "back country" invariably shows that this kind of "spets" [specialist] contributes nothing to the work of the farms but confusion.

As far as the skilled personnel like Anatoliy Shumak are concerned, they need special care. However, they most often turn out to be left to the mercy of fate. Neither the group of Soviet specialists at the MPR Ministry of Agriculture and Food nor the authorized staff of the USSR Gosagroprom are devoting the proper attention to the way they are living. There has been a secret rivalry for quite a while between these two organizations (which deal with practically the same problems, incidentally); they often resemble the two goats from the folktale which, after meeting on a narrow bridge, cannot pass each other.

But the spheres of activity have to be defined just the same. After all, the interests of the work require this to begin with.

#### IN PLACE OF AN EPILOGUE

The recent decision by the Soviet-Mongolian Intergovernmental Commission on Economic and Scientific and Technical Cooperation very likely was dictated by

precisely such interests. Under the bilateral agreement, all staffs of the authorized Soviet ministries and departments in the MPR are being abolished as of 1 January next year.

It would appear that order will come now... However, the partners made a stipulation here which gives the USSR's ministries and departments the right to have their own representatives or delegations in the MPR in coordination with their Mongolian colleagues. Won't such a halfway decision lead only to a change in the masks?

And more. The number of Soviet specialists working directly in enterprises and organizations in Mongolia

will be gradually reduced. This is an irreversible process. However, the demand for advisers, especially in agriculture, which is going through a difficult period, will evidently continue for some time. So their status must be discussed in detail. Who will be able to lay claim to the role of advisers, first of all? What legal rights have they been given? These and many other problems, in my view, should be discussed in detail at the next session of the Intergovernmental Commission and taken into account without fail before contracts are signed.

Then, I think, Anatoliy Shumak's question—"Who needs me?" will no longer arise.

**Selected Articles from AZIYA I AFRIKA  
SEGODNYA No 11, Nov 88**

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**Head of Bangladesh's Agricultural Workers'  
Association Interviewed**

Moscow AZIYA I AFRIKA SEGODNYA in Russian  
No 11, Nov 88 pp 13-14

[Unattributed interview with Bangladesh Agricultural  
Workers' Association General Secretary Mujahidul  
Islam Selim under the rubric "Our Interviews": "The  
Struggle for Workers' Interests"]

[Text] Our correspondent met with Bangladesh Agricul-  
tural Workers' Association General Secretary Mujahidul  
Islam Selim and asked him to answer a series of ques-  
tions.

[Correspondent] Please tell us about the conditions that  
agricultural workers are living and working under.

[Selim] The agricultural workers—in Bangladesh they  
are called khetmojury—are the largest part by quantity  
of the workers of this country of a hundred million  
people. Some 87 percent of Bengalis live in villages, and  
of those over two thirds are peasants with no or little  
land (we include among the latter the owners of less than



an acre of land). Their existence is completely, or almost completely, dependent on wages obtained from day labor, primarily in agriculture.

The agricultural workers are the most impoverished of the country's inhabitants, deprived of the slightest land suitable for cultivation. Moreover, some 15 percent of them do not even have a private subsidiary landholding. In light of the prevailing population density, backward forms and methods of cultivation, extremely low level and rate of industrialization and relative backwardness in socio-economic development, an enormous number of them cannot find application for their efforts. Neither agriculture nor the small and slowly developing industrial sector can provide them with employment. They work roughly 150 to 180 days a year, and they are moreover paid an average of just 60 American cents for a full work day. Without having a greater portion of the year for work and receiving such a miserly wage, the khetmojury are doomed to hunger and deprivation. Not only is the human potential that could be utilized for increasing national production squandered, but there is a shameful destruction of human life as well.

The agricultural worker class in Bangladesh has not yet taken shape. It is in the formative stage. This process is linked with the ruthless exploitation of the peasants in the semi-feudal, semi-capitalist society that is ruled by a compradore and parasitical bourgeoisie dependent on imperialism. Agrarian policy, like the whole socio-economic policy of the ruling circles of the country, is leading to the further ruin of village residents. Over the time that has passed since independence was obtained, the number of landless peasants has more than doubled and comprises 65 percent of the families living in rural areas.

The peasants are chased out of their familiar spots and are actually transformed into outcasts. These people, due to the lack of industrial production, are altogether displaced from economic life and are doomed to poverty and complete oblivion. The process leading to the formation of a class of agricultural workers can sooner be called pauperization than proletarianization in the strict sense of the word. It affects the working peasantry as well, which vainly tries to cling to the land. Its interests thus coincide entirely with the interests of the agricultural workers.

In the prevailing situation, they face the task of surviving, of establishing themselves as members of society and achieving the right to live and take part in the economic life of the country. Their principal requirement is the right to work, the assurance of employment. They are also in favor of equitable wages for labor and the return of the land, its redistribution via agrarian reforms etc.

The existing socio-economic structure serves as an obstacle to the accomplishment of such vitally important measures. Even modest improvements in the tragic lot of the agricultural workers, as well as curtailing the process

of socio-economic degradation of the country now underway, however, are impossible in practice without this. That is why the cause that the agricultural workers of Bangladesh are fighting for is so closely linked with the task of changing the socio-economic order based on principles of democracy and progress.

The type of capitalism that predominates in Bangladesh reduces people to poverty, impedes the development of production potential and operates to the detriment of the interests of the population and the country overall. Only under socialism will the agricultural workers be able to acquire freedom, restrain or avert socio-economic degradation and free up and utilize to the maximum the productive forces of the country.

[Correspondent] What is your trade union doing to support the struggle of the agricultural workers for their rights and interests?

[Selim] The *Bangladesh Khetmojur Samiti*—the Association of Agricultural Workers of Bangladesh (ASRB)—unites and organizes them in the name of the fight for socialism and the satisfaction of fundamental vital requirements: work, equitable wages, the allocation of land, the granting of legal rights and the assurance of social equity on the path of restructuring the existing socio-economic system and progressive democratic development. One of the chief tasks of the ASRB consists of a steady rise in the political awareness of agricultural workers, an ever greater number of whom support the aims proclaimed by the association. Over the last seven years, it has been able to bring over 10 percent of the rural residents into active involvement in its work, uniting over 300,000 people in its ranks, while if you take into account its ability to mobilize the masses, our influence extends to twice as many people.

The ASRB does not limit its activity to promoting its slogans, but concentrates its efforts on organizing and waging a determined struggle by agricultural workers for the satisfaction of everyday demands. Such a struggle reinforces unity and fosters a rise in the awareness of the workers. It is also aimed against the mercenary interests of the local authorities, and sometimes the government as well.

Victories are hard to come by. They are achieved via cohesion and mobilization of the masses. The advance of the agricultural workers under the leadership of the ASRB has achieved no few successes, being transformed into a mighty social force possessing serious capabilities for affecting the state of affairs in the country. It will still have to traverse a long road, however, before it realizes those capabilities.

The ASRB also assigns great significance to raising the overall level of awareness and culture of agricultural workers, the overwhelming majority of whom are illiterate and know little of the successes of contemporary

science and technology or the achievements of civilization. The campaign to eliminate illiteracy and measures in the realm of politics and social and cultural life are thus playing an increasing role in the activity of the association.

Considerable attention is being devoted to global problems such as the survival of mankind, averting and eliminating the threat of nuclear war and preserving the environment. We are deeply troubled by the question of reducing military spending and shifting a portion of the funds freed up to aid the peoples of the developing countries. We are also truly interested in creating a new world economic order. In striving to aid the people of Bangladesh to become aware of the importance of the global problems facing mankind, we are linking this with resolving the vital issues of the life of our workers and the fight for human rights.

[Correspondent] What political forces of Bangladesh are supporting the struggle of your trade union?

[Selim] The broadest political and social circles of the country are supporting the struggle of the agricultural workers and the activity of the ASRB. This support is not unequivocal, however. The Communist Party of Bangladesh gives us the most active and valuable assistance. Other leftist forces, as well as radical-democratic ones that include an alliance of 15 progressive democratic parties, are on our side as well. Honest and progressively inclined religious figures, teachers, lawyers and representatives of broad segments of society participate a great deal in the activity of the association. Some bourgeois-nationalist parties, although they support us, are nonetheless dissatisfied with the growing influence of the communists and other leftist forces among this most numerous segment of the workforce.

The advancement of the agricultural workers as headed by the ASRB overall to the extent of its reinforcement and the rise in its role in the political life of the country are finding more and more understanding and recognition on the part of the broadest circles of Bengali society.

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#### **American Professor Interviewed on Situation in Asia-Pacific Region**

Moscow AZIYA I AFRIKA SEGODNYA in Russian  
No 11, Nov 88 pp 14-15

[Unattributed interview with the University of California Institute for East Asian Studies Director Robert A. Scalapino: "The Process Developing in Asia Evokes Hope"]

[Text] Taking part in the international roundtable meeting held recently in Ulan-Bator on the topic "Ways and Means of Ensuring Peace and Collaboration in the Asian-Pacific Region" was the well-known American scholar

and director of the University of California Institute for East Asian Studies, Robert A. Scalapino. Our correspondent in the MNR [Mongolian People's Republic] met with him and asked him to answer a number of questions.

[Correspondent] Mr. Scalapino, are you familiar with the journal AZIYA I AFRIKA SEGODNYA?

[Scalapino] Yes, I read it, although not regularly, it is true.

[Correspondent] What is your opinion of it?

[Scalapino] I like it. But insofar as restructuring is also underway in the press in the Soviet Union, permit me to express a desire which, by the way, could relate to more than AZIYA I AFRIKA SEGODNYA alone. I would like to see in its pages more differing opinions and dissimilar points of view. Academics, the readers and the authors themselves all gain from this.

[Correspondent] How do you evaluate the current situation in the Asian-Pacific region?

[Scalapino] Optimistically overall. In my opinion, an easing of tensions in relations among the leading powers in the region is taking place.

Recent positive shifts in Soviet-American relations are also cause for hope. We should take into account at the same time that the path toward normalization will be a long one. It will be typified by a combination of collaboration and competition. I repeat, however, that the current trend is cause for hope.

It is not very likely that Washington will pursue risky or costly foreign policies that would threaten our national interests in the next few years regardless of who becomes president. Soviet-American negotiations on further arms reductions will go on notwithstanding certain obstacles. Genuine collaboration in eliminating regional conflicts is also possible, in my opinion.

I evaluate the relations between the United States and the PRC as good. There are, of course, differences between the positions of the parties. But economic ties are being expanded. There are many points of contiguity in the political sphere as well. China, which has aligned itself with the non-aligned countries, is nonetheless inclined toward the side of the United States and Japan proceeding from its economic interests.

Soviet-Chinese relations are improving. I think this process will continue. A return to the situation that existed in the 1950s should not occur.

As for Chinese-Japanese relations, there are elements of contradiction in them that elicit concern. Chinese officials are thus dissatisfied with the guarded position of Japan on issues of investment and technology transfer. The Tokyo policy of "one China—one Taiwan" also

evokes protest on the part of the PRC. But the political process between the two countries is developing overall. Japan will play an ever-growing role in the modernization of China. And both sides acknowledge that fact.

Changes in Soviet-Japanese relations are practically imperceptible. They are still cool. I think that if the economic reforms begun by Mikhail Gorbachev are continued, the Soviet Union will devote greater attention to economic ties with the states of the Asian-Pacific region, and especially Japan. The problems of Japanese-American relations are attracting the attention of many. On the one hand, the economies of the two states are becoming more and more intertwined and, it could be said, integrated. The United States, on the other hand, cannot continue to remain an open market for Japanese products. Mutual economic dependence and intrinsic economic interests are clashing. Relations between the United States and Japan are reminiscent of an unsuccessful marriage with its arguments and mutual complaints. Divorce will not follow, however. Both countries will try to take each other's economic interests into account.

Overall, I repeat, the level of tensions in the region has currently abated. The prospects for peaceful solutions to all the problems of the Asian-Pacific region have increased greatly compared to any period since the end of World War II.

The withdrawal of Soviet troops from Afghanistan is cause for hope. I want to hope that North and South Korea will renew their dialogue. Certain traits of political flexibility on the Kampuchean problem are being demonstrated by Hanoi. It is too early to rejoice, but this circumstance puts things in an optimistic light.

I also want to mention a new process that is developing in Asia which is arousing additional hopes. I call this process Asianization. I have in mind the arrangement of good-neighbor relations among a number of Asian countries. This aids in the reduction of tensions in the Asian-Pacific region and makes innovation in the policies of the Asian states possible.

[Correspondent] How, in your opinion, are the results of the Moscow high-level meeting reflected in the situation in the Asian-Pacific region?

[Scalapino] It was asserted at that meeting that nuclear disarmament is also essential in Asia, not just in Europe. Ways of settling existing conflicts on the Asian continent were discussed in Moscow. It is clear that the Soviet Union and the United States can together facilitate their most rapid elimination. More Asian countries should be involved in this process.

[Correspondent] How do you evaluate the results of the roundtable of scholars and experts of the countries of Asia and the Pacific in Ulan-Bator?

[Scalapino] American scholars are among the initiators of such meetings. It is instructive that people representing countries whose governments do not recognize each other also took part in the Ulan-Bator discussions. This was an unofficial meeting; although different points of view were expressed in the course of it, we were able to discuss a whole series of concrete issues associated with improving the situation in the Asian-Pacific region.

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### Land Reform Efforts, Program of Ethiopian Workers' Party Reviewed

Moscow AZIYA I AFRIKA SEGODNYA in Russian  
No 11, Nov 88 pp 16-19

[Article by G. Krylova under the rubric "On the Path of Progressive Transformations": "Open Questions of the Revolution"]

[Text] *Most profound socio-economic and political backwardness, mass poverty, medieval vestiges and prejudices, tangled inter-ethnic contradictions, tense relations with neighboring states—that is the legacy that was left to Ethiopia by the monarchist regime that was overthrown in 1974. The new leaders of the country, with no prepared program of further actions and recognizing that the appeal for nationwide cohesion under the slogan "Ethiopia Above All!" would in no way be a replacement for it, devised their own views under the influence of events that one way or another responded to the sentiments of the peasantry and the urban lower classes. The tasks of anti-feudal bourgeois-democratic revolution had essentially already been formulated in the declaration of the Provisional Military Administrative Council (PMAC) of 20 Dec 74. Then the left wing was strengthened and gained the upper hand within the PMAC, evolving in less than two years from nationalism and petty-bourgeois radicalism to the selection of socialist orientation for social development with a Marxist-Leninist understanding of it. The program of national-democratic revolution (1976) projected "the complete elimination of feudalism, imperialism and bureaucratic capitalism in Ethiopia and the construction of a new Ethiopia through the combined efforts of all anti-feudal and anti-imperialist forces, laying a solid foundation for the transition to socialism." The construction of a socialist society was also proclaimed the strategic goal of the revolution in the program of the Ethiopian Workers' Party (EWP) that was adopted at the constituent congress of 1984.*

The Ethiopian revolution is distinguished by a high level of innovative and creative solutions. They are both the tactically correct line of discrediting the institution of the monarchy in the eyes of the masses, especially the illiterate peasants, and drawing that same peasantry into the political struggle on the side of the new powers, along



with forms of organization of urban and rural residents that were unknown earlier and an original method of creating a vanguard party of workers.

But discussion of any revolution is not very productive if it is reduced to the enumeration of its successes. It is much more useful to analyze the difficulties it has faced and discuss possible variations for overcoming them.

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The agrarian issue is undoubtedly the most acute and fundamental for Ethiopia. According to decree No. 31 of the PMAC of 4 Mar 75, the land was declared to be "the collective property of the Ethiopian people" and was subject to redistribution without the payment of any compensation whatsoever to the former owners, all feudal requisitions, assessments, obligations and work terms were abolished, land deals and the employment of hired labor were banned for the purpose of impeding the development of capitalist relations in the villages, and the compulsory entry of all of the allocated lands into peasant associations—unique cooperative associations of a lower type to which some of the functions of local self-rule bodies were allotted—was envisaged.<sup>1</sup>

The radical agrarian reform played a decisive role in ensuring the support of the peasantry for the revolution, although in and of itself it did not alter—and could not alter—the situation in the fragile equilibrium between production volume and the dimensions of demand for it. It only opened up a way to improve the situation, for which it was essential to find those methods of economic operation and forms of social organization for the peasantry that were acceptable under the specific national conditions that would meet their own interests as well as the interests of all of society.

The sharp spurt ahead that was expected from the villages that had thrown off the feudal yoke has unfortunately not yet occurred. What is worse, the production of foodstuffs per capita has declined in relation to the increase in population. Millions of people suffer chronic shortages of it. Hunger has become a reality in the northern provinces. The situation is aggravated by the fact that military operations are underway there between government forces and separatist detachments.

It must naturally also not be forgotten that over the last five years, Ethiopia has twice been struck by drought, while the woods that once helped to counteract this natural disaster have been cut down over large areas and the land is depleted from excessive exploitation. But one cannot fail to see behind the objective factors of an ecological nature (by the way, a program of forest planting, irrigation and the preservation of the fertility of the soil is now being carried out, although the results, of course, will be felt much later) subjective factors as well that led to a drop in the grain harvest, including in places where there was no drought.

According to the 1978 census, 48 percent of peasant farms were cultivating less than a hectare each, while another 48 percent were working one to five hectares and 4 percent were over five hectares, as opposed to 50, 44 and 6 percent respectively before the reforms. This means that the peasants were basically left on their former parcels after the land redistribution, just not leased (completely or partially) on usurious terms from landholders, but rather received for their own personal use. The demographic growth in small landholdings is even more palpable. The minute farms concerned first and foremost with minimal self-subsistence are simply unable to produce any significant quantity of commodity grain.

In a number of provinces where there is enough land and the climate is relatively favorable, arable lands are being reduced because at low procurement prices for agrarian output combined with expensive industrial items and the shortage of items of everyday demand—fabric, shoes, the simplest agricultural implements, kerosene etc.—it is not advantageous for the peasant to sow all of his allotment: he will have to sell the excess harvest knowingly three times more cheaply, while the miserly receipts will hardly be able to be spent intelligently. As foreign researchers note, the government has frequently been forced to impose additional taxes in crisis situations, dispelling any interest in additional production by the peasants; the working of plots allotted to the officials of the peasant associations using the manpower of rank-and-file rural residents is practiced; the compulsory assemblies for the teaching of literacy and elucidation of the goals of the revolution are sometimes convened at the height of field work.

The ban on the free-market sale of food surpluses has completely disrupted commodity exchange between the city and the village. This measure, adopted with the good intention of limiting speculators and middlemen, has impelled an even greater number of peasants to be locked into subsistence farming and has led, aside from everything else, to reductions in the natural habitat for the export of grain: whereas a trader with a caravan of beasts of burden can reach even the most remote corners of the country, the trucks stop where the good roads end.

The state monopoly on procurements of agricultural products has proved to be unable to maintain low prices for food. On the contrary, growing shortages of it have guaranteed the flourishing of a black market that is sorely taxing the pockets of the urban laborers. Taking the experience of the unsuccessful experiment into account, the government has instituted a food tax and allowed private farms again, which as of today are producing about 90 percent of the agrarian output that is sold independently as excess. The problem of deliveries to the market is to no small extent retained, however.

The process of creating enlarged villages where peasants are resettled from surrounding small villages, as well as from the northern regions gripped by drought, is not

subject to unequivocal evaluation. First of all, the construction of the villages and the supply of their residents with sowing materials, livestock and equipment, as well as the system of land-use measures, need enormous amounts of funding; these funds, to all appearances, do not exist, so the peasants (and the state overall) are not getting any appreciable benefits from the destruction of a small-village system of farming that had taken shape over centuries. Second, people that have been taken away from their native areas, albeit for the sake of saving them from starvation, often begin thinking of returning as soon as rain falls there; it is very difficult, after all, to assimilate unaccustomed methods of working the land and systems of crop rotation and become adapted to the vital institutions of the indigenous population. Some of them who sympathize with the separatist movements in the northern provinces are explaining the displacement of the northerners to the south, sometimes not entirely voluntary, as just the desire of the government to undermine the "liberation struggle." All of this has negative consequences—political as well as economic.

One can hardly call gratifying the state of affairs on the state farms that have been organized on the basis of the nationalized capitalist-type plantations and large farms. Although they concentrate skilled specialists and machinery there and enjoy priority in the receipt of financial and agro-technical assistance, the majority of them are suffering losses: incentives for raising labor productivity are weak.

And so the necessity of giving the peasants a vested economic interest in producing surplus output and restoring normal trade ties between the city and the villages is obvious. We know from the experience of our own country how difficult this is to achieve. Speaking at a constituent session of the National Shengo (parliament) in September of 1987, Mengistu Haile-Mariam said: "Our efforts in the realm of socialist construction can bear fruit only in the case where the private sector in agriculture is replaced by the sector of socialist ownership." In light of the aforementioned, it seems that this goal lies in the future. The near-term task is to surmount stagnation in agriculture so as to feed the rapidly growing population, part of which lives constantly at the edge or over the edge of hunger.

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The 2nd Plenum of the EWP Central Committee in March of 1985 noted that after the revolution, the national question became the subject of acute differences of opinion among progressively inclined elements of society, including the leadership of the country. The PMAC first emphasized the principle of the indivisibility of the territory of Ethiopia. Seeing in this a denial of the right of peoples to self-determination, no few representatives of ethnic minorities went over to the camp of the counter-revolutionaries and attached themselves to separatist or "ultra-leftist" organizations.

A certain procrastination by the PMAC in devising concepts for resolving this issue had a negative effect on relations among the various ethnic groups and religious denominations and objectively strengthened the position of the separatists, and moreover those of the most extremist bent. Nationalities that were oppressed earlier came to consider the new administration, in which Amharas<sup>2</sup> predominated, as the continuer of the great-power, chauvinistic policies of Haile Selassie largely thanks to their propaganda.

A fundamental solution to the problem was proposed in the program of national-democratic revolution (1976) and consolidated in the EWP program (1984). Describing ethnic, denominational and other contradictions as secondary to class ones, the Ethiopian revolutionary democrats acknowledged the right of all of the country's nationalities to self-determination in the form of regional autonomy. The implementation of this right was linked with the achievement by them with actual (by level of socio-economic development) as well as legal equality with the affirmation of a new state order and the formation of inter-ethnic relations based on the friendship and mutual respect of peoples; the defense of the territorial integrity of the country was proclaimed to be one of the chief tasks.

The concept of regional autonomy was detailed and began to be brought to life in 1987. According to the constitution adopted at the time, five provinces were declared to be autonomous—Eritrea, Assab, Tigre, Dire-Dawa and Ogaden—whose elected assemblies (shengo) would implement internal self-rule. The shengo of Eritrea was granted the right to adopt legislation that did not contradict the constitution of the country; the assemblies of the other autonomous provinces could adopt laws only with the sanction of the central government. The independence of the higher provincial bodies was quite limited.

The administrative and territorial restructuring was reduced to the formation of 24 provinces instead of 14 overall. Practical realization of the reforms will show whether it will be able to facilitate the radical resolution of the national question or the greater division of ethnic groups by administrative boundaries. Matters have moved away from a dead standstill, in any case. But there is something I would like to note.

Although the Ethiopian revolutionaries have been able to preserve the territorial integrity of the state, repel the aggression of Somalia, extinguish seats of separatism in many areas and implement a series of measures to equalize the levels of socio-economic development of the nationalities populating the country, processes of national integration in Ethiopia are of a contradictory and sometimes unhealthy nature. It is far from easy to overcome centrifugal tendencies and other negative phenomena in the sphere of inter-ethnic relations. It seems that the attitude of the central government toward the separatists as "bandits" and "mercenaries of world

imperialism" and the wager on suppressing their movements with military force will hardly assist the most rapid possible cessation of the fratricidal conflicts.

The separatist fronts, which do not suffer from a lack of people and have modern weapons at their disposal, are able to inflict defeats on the government troops (as happened, for example, in the spring of 1988 in the provinces of Eritrea and Tigre, where a whole army corps was smashed), which is naturally having a demoralizing effect on the army. The enormous military spending, which swallows up, according to the calculations of Western experts, over half of the state budget, is bleeding the economy of the country. This is not to mention the human victims and the destroyed economy of the provinces that have become a theater of military operations. The continuation of large-scale combat operations, however, testifies to the fact that the Ethiopian leadership has still not rejected a primarily "force" approach to the problem.

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The path from the overthrow of the monarchy to the official proclamation of Ethiopia as a republic has proved to be long and difficult. There was not a single political party in the country under imperial power, and the scattered forces of the opposition advanced no positive program at all on a nationwide scale.

The greater portion of the radical intelligentsia assumed that the establishment of the new regime headed by the military was the price that society paid for the lack of a political organization able to lead the revolutionary process. The extreme leftist groupings considered them usurpers riding the wave of the mass anti-monarchical movement and traitors to the revolution. This view is explained by the widespread mistrust of an army that had been the reliable support for the throne over the span of many decades. The civilian opposition did not allow the thought that patriotic military circles could play a progressive role.

In analyzing the activity of the PMAC in the speech mentioned above at the constituent session of the National Shengo, Mengistu Haile Mariam emphasized that although the government "has the form of a military regime," it "reflected the revolutionary-democratic dictatorship of the people in its substance." He acknowledged at the same time that the PMAC was initially "poorly prepared for resolving the most important task—the democratization of society—which the whole country was demanding."

The tasks of democratization and the creation of a popular-democratic republic under the leadership of the party of the working class were posed for the first time in the program for 1976, and they were also advanced in the program of the EWP, which, in describing the Ethiopian political system as a transitional one, called

the union of the workers and the peasants in collaboration with the intelligentsia, the army, craftsmen and office workers supporting the aims of the revolution the social foundation of the future state. The achievement of such a union, in the opinion of the authors of the document, would open up the possibility of a transition to the dictatorship of the proletariat. The proclaimed principles of state construction were proletarian internationalism, democratic centralism, socialist legality and the active participation of the people in governing the country. (The question of how equivalent the concepts "dictatorship of the proletariat" and "party of the working class" are under the conditions of Ethiopia, where the proletariat has not yet formed, requires special consideration.)

The convocation of a constituent session of the National Shengo, over a third of the deputies to which were peasants, 12 percent workers (true, it is difficult to judge how much these terms correspond to the categories used in Marxist literature) and the rest, state office workers and representatives of the intelligentsia and the army, in September of 1987, the session's adoption of a constitution that was approved in advance by 81 percent of the votes in a nationwide referendum and the proclamation of the People's Democratic Republic of Ethiopia testified, according to the statements of the country's leaders, to a process of forming new political structures and the democratization of state and social life that had transpired successfully.

Western observers have noted, however, that the freedoms declared by the Ethiopian constitution are quite abstract, opportunities for citizens to implement their rights are limited and, most important, the president has been endowed with the same broad authorities that the PMAC chairman earlier possessed, while his power relies not so much on the written law as it does on prevailing political practice.

The president of the republic elected by the National Shengo is in fact also chairman of the state council and commander-in-chief of the armed forces. The parliament elects the highest officials of the government—the prime minister and members of the cabinet, the procurator general, the chairman and members of the supreme court etc.—according to his wishes. He has the right to appoint and dismiss these individuals between Shengo sessions "by special presidential decrees" (with the subsequent ratification of his decisions by the parliament).

But in order to have a realistic evaluation of the very facts of parliamentary elections, the referendum and the transition to republican constitutional rule, it must be taken into account that all of this has taken place in a country where socio-economic and cultural backwardness and an archaic mass consciousness are preserved, where there are no traditions of political democracy or political pluralism. There are thus objective limits that exist, still exceedingly narrow ones, for the realization of any initiatives that concern creating a modern political

system or the institution of democratic principles for governing the state and society. It is not only and not so much a matter of the political maturity of the leaders and their adherence or hostility to democratic methods of leadership; society overall is at such a stage of development that it is hardly possible to adopt political structures that make use of the principles of popular power that would represent too sharp a break with what there was before the revolution, and it can hardly be transformed instantaneously without reproducing itself to a certain extent.

More likely the reverse: the political immaturity of society pushes the authorities to incorporate authoritarian methods of leadership into political practice. This is a fact verified repeatedly in practice, whether one likes it or not, and must be taken into account. If we address the practices of other African revolutionary-democratic states, we see a similar picture.

It is another question whether it is possible to block authoritarian tendencies in backward countries that have taken the path of socialist orientation. If yes, then it is essential to have at least a theoretical concept of how to achieve this. Unfortunately, this issue is completely undeveloped in Marxist literature. Apropos of Ethiopia, a specific feature of it consists of the fact that the bureaucracy of the country, which was for the course of many centuries the sole independent state in Africa, has its own long history and its own logic of development.

The low level of political culture of the masses cannot help but have an effect on the country's leaders and on the interpretation and, especially, the incarnation of program documents. In backward societies revolutionaries are subject to the danger of dogmatizing Marxist-Leninist teachings and its perceptions at the level of slogans. The socialist model frequently takes on properties of "barracks socialism" there. We see this in the example of some socialist countries, including our own, as well as the developing countries.

Practice will naturally inevitably correct the nature and rate of transformation in Ethiopia and elaborate the programs in accordance with the first results of their realization and with their perception by mass consciousness. The objectively deterministic nature and revolutionary expediency of the proclamation of slogans and the advancement of tasks that, hardly being fulfillable not only now, but in the foreseeable future as well, facilitate the politization of the masses and the unleashing of their public activeness should not be forgotten herein. There is, however, a "social bombshell" of enormous explosive force implicit here as well, as it is not difficult to guess: the masses react extremely negatively to the fact that their expectations are not realized.

#### Footnotes

1. For more detail see: V. Paukov, G. Polyakov. "Ethiopia. Theory and Practice of Cooperation."—AZIYA I AFRIKA SEGODNYA, 1986, No 12.

2. The Amhara are the largest nationality group of Ethiopia, and they profess Christianity; the majority of the members of the old ruling elite belong to it.

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#### Economic Models for Developing Countries Examined

Moscow AZIYA I AFRIKA SEGODNYA in Russian  
No 11, Nov 88 pp 20-23, 27

[Article by Doctor of Economic Sciences V. Sheynis under the rubric "Problems and Discussion": "Structural Shifts in the Economics of Capitalism and the Prospects for the Developing Countries"]

[Text] *In this article the discussion will concern not only the influence of external factors on the developing world, but also the interaction of those factors with internal ones, the complicated reactions by which local structures meet impetuses from without and, finally, general trends in the evolution of the world capitalist economy, of which its periphery is becoming an ever more limited part.*

Out of the kaleidoscope of diverse phenomena encompassed by the concept of "structural shifts of contemporary capitalism," we will try to delineate those persistent and long-term processes under whose influence the socio-economic image of both the centers and the periphery of the world capitalist economy are markedly altered (and which cannot fail to be taken into account in the socialist part of the world economy). The necessity of taking structural shifts in the development of capitalism into account is dictated by the tasks that arise out of the resolutions of the 19th All-Union CPSU Conference.

We begin with productive forces. Here it is not simply an assimilation of new types of production and technology that is underway. The transition to such a type of development in which constant and sometimes quite radical restructurings in the economy that overtake and replace each other becomes the norm is considerably more important. Analogous changes also concern the sphere of consumption, beginning to play a role that is significantly more active than before in the system of social reproduction.

The reorganization of the economic mechanism regulating internal economic production relations is continuing, and the proportions and forms of the interaction of its basic principles are changing: regulation and automatic processes, "plan" and "market." The fact that in any contemporary economic system, centralized regulation can only supplement and correct, but cannot displace and replace the processes of self-regulation and self-tuning that ensure rapid feedback in the economy, is becoming more and more evident as well.



As for the sphere of **international economic relations**, here the internationalization of economic ties is gaining ever greater force. World commodity markets are constantly being restructured, the international market for services is expanding and diversifying rapidly, and national capitalist elements are being built-in more and more thoroughly in the national economies of both the developed capitalist countries and the developing countries: from the flows of "hot money" that go to raise interest rates to branches of the MNCs [multi-national corporations].

This is how, in my opinion, the trends shaping world capitalist development look. What aspects do they take on in the developing countries? I will begin with changes in the role and place of these countries in world economic ties.

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Sources of raw materials, sales markets, especially profitable adjuncts to capital—that is how the well-known political-economic formulation describes the situation of the colonies and semi-colonies (and, after the fall of the colonial system, the developing countries) in the international division of labor. We will see how the situation it describes has been altered over time.

As is well known, a limited list of more or less homogeneous raw materials predominated in the exports of the colonial countries, as did consumer goods basically satisfying their rudimentary needs in their imports. The enclaves of industrial export production, as a rule, played no material role. This type of inclusion in the world economy was characterized by relatively low rates of overall economic growth and—in the majority of cases—seemingly hard and fast sector and technological production patterns.

In the postwar period, the annual rates of GNP growth grew by several times, reaching 5.4 percent in 1950-80 compared to 1-2 percent over the preceding period, while shifts in sector structure and level of technological sophistication of production took on a rapid and irreversible nature. In the second half of the 1950s and beginning of the 1960s, a transition occurred to another system of participation of the developing countries in world economic relations that arose as a result of the objective requirements of the world capitalist economy and the purposeful strategy of nation-states that held sway until the beginning of the current decade. This structure took shape in general form in the following manner.

First of all, after relative reductions in the export of raw materials and food with time, a diversification of exports and a partial return to raw-material specialization was noted; the successes of the oil exporters gave rise to hopes that the turnaround in competitive market conditions in favor of the producers of raw materials was persistent, and that "counter-cartels" analogous to OPEC were a guarantee of that.

Second, the industrialization that began on the base of import replacement and was urged on by the transfer of the "lower stories" of industry (labor-intensive, producing homogeneous mass output, ecologically "dirty" and the like) from the centers to the periphery led in a number of cases to the appearance of industrial export production relying on a series of advantages in the competitive struggle, and especially cheap manpower. As a result, second and third generations of "newly industrialized countries" came out into world markets behind the "trailblazers," a few countries of Latin America and East Asia.

Third, the mass export of primarily low-skilled manpower, legal and illegal, to the undermanned zones of highly developed and "petroleum" capitalism to a certain extent eased the solution of such problems as unemployment, balance-of-payments deficits etc. in a number of Third World countries.

Fourth, the gradually increasing influx of foreign resources, first in the form of state aid and privileged credit and then, in the 1970s, in the form of loans (whose interest rates looked far from excessive against a backdrop of inflation in the creditor countries) had a material influence on the situation. The influx of funds from without made it possible to finance a considerable portion of the accumulation and to subsidize growing consumption in many developing societies.

Notwithstanding the multitude of difficulties, contradictions and costs of growth, it turned out that the trends that dominated over the span of several decades are distinguished by sufficient stability, and this in turn made it possible to hope for steady, albeit not rapid, movement along the path of economic progress for a gradually expanding group of countries—the leaders in the Third World. The situation of the 1980s, however, introduced changes into the forecasts of scholars and politicians. The sharp reduction in growth rates (up to 15 percent in 1980-86) are a reflection not only of prolonged competitive-market fluctuations, but also of shifts of a more basic nature that affected the world economy overall.

Raw-material specialization proved to be an unsure footing and ruined the hopes for the stability of the "anti-cartels." The economy of the capitalist centers demonstrated the great flexibility that was required of it in connection with the oil and similar crises. These upheavals accelerated the transition to energy- (and generally resource-) conserving types of economic development. It can be assumed with a high degree of probability that the energy crisis of the 1970s, which engendered no few quasi-scientific speculations, was more likely a zigzag in the mutual relations of the center and the periphery than a long-term development trend. Raw-material specialization can effectively fulfill economic motor functions only temporarily and partially, and even then primarily in small countries generously endowed with resources.



Life has further demonstrated that the shift of types of production from the centers is objectively limited for economic and social reasons, while industrial exports from the developing countries are made more difficult, not so much by tariffs and other obstacles as by the fact that a considerable portion of the commodities either comes to clash with narrowing demand (the reduction in metals-intensiveness in production in the developed capitalist countries thus systematically limits exports of steel from the developing countries; the robotization of the textile and other sectors of light industry is leading to the same result etc.) or does not meet the market standards of the West (in quality, terms and guaranteed deadlines for delivery, or cost, despite the cheap labor, and the like).

The widespread inclusion of immigrants as manpower has been replaced by their displacement: a vested interest is preserved only in the most skilled personnel from the developing countries. Moreover, in a number of countries that are recipients of manpower, the broad influx of workers of other nationalities has sharply worsened intrinsic economic and social problems. Isn't that confirmed by the "take-off" of the right-wing nationalist organization of Le Pen, which considerably outstripped the communist party in the number of votes received in the last election in France? The problems of employment and, following along behind, social and ethnic contradictions are growing worse in the developing countries themselves with the destruction of traditional economic structures.

Finally, the debt situation is much worse. This has led in many developing countries (including the most developed of them) to declines in the norms of accumulation and complications in the just-begun technical retooling of industry, along with limitations on the opportunities for the state to subsidize the consumption of the poorest segments of the population and a worsening of the overall tenor of economic life. The outflow of financial resources from the developing countries has surpassed their influx, and for the near future this is evidently a persistent feature of the new situation. The causes of this situation should not be reduced to the self-interest of the banks that granted the loans: they have themselves proven to be in a difficult position where the alarm bells have sounded warning of the danger that threatens the creditors as well as the debtors. The indebtedness of the developing countries, which exceeded a trillion dollars by the beginning of 1988, and annual payments that have crossed far beyond the hundred-billion-dollar line are the result of the action of objective and subjective factors, market laws and strategic miscalculations. But whereas the loans earlier were (or could become) an accelerator of development, today the debts have been turned into quite a powerful drag on it.

Does this signify that the sector specialization of the developing countries in the international division of labor that formed in the 1950s-70s has been completely discredited and should undergo a radical break? It is a

retorical question to a certain extent, since, in my opinion, there is no serious alternative to the prevailing orientation if development and the surmounting of backwardness occupy first place in the hierarchy of national goals.

Socio-economic transformations can expand the boundaries of the domestic market, and the realization of some of the provisions of the NWEQ [new world economic order] program could ease access to external markets, while the implementation of international integration plans and the creation of common markets and joint ventures (also not an unconditional and conflict-free direction of development) could impart new impetus to growth in production. But these are just supplementary and palliative measures aimed at creating a modern sector structure and modernizing the economy, not solving the cardinal problems for many—if not most—of the developing countries.

The new conditions taking shape in the world capitalist economy will deepen the already far-reaching process of differentiation of the developing countries. For many of them (such as a significant portion of the states of sub-Saharan Africa and individual countries in Asia and Latin America), the sole path is to try to stay "afloat" (including mobilizing domestic aid) without permitting the mass extinction of people. But if we are discussing countries where an intrinsic mechanism of economic growth (such as the majority) has already taken shape (or has begun to take shape), the chief lesson arising out of the turnaround in market conditions in the 1980s, for them (and for us), for the exporters of raw materials and industrial finished products, consists of becoming aware of the realities: niches that make it possible to extract advantages with certainty and for the long run from participation in the international division of labor and getting rid of the necessity of the permanent restructuring of one's own economy are disappearing from the world economy. The behest of the times for many and, in the future, the majority of the countries of the Third World, in other words, becomes hooking up at least certain sectors of the economy with the worldwide process, creating types of production that are efficient by world standards and seeking flexible forms of participation in the international division of labor. This route assumes not simply the displacement of competitors from already existing world markets, but also participation in the formation of new ones—and not only commodities markets, but markets for services as well.

The negative experience of the developing states that have suffered most from the crisis, and the positive experience of those who suffered the least losses from it, is instructive in this regard. It would not be without interest to perform a sort of "parallel biography," but not of heroes such as Plutarch, but of the contemporary economic history of a series of countries: Mexico, which had exceptional potential at its disposal but placed excessive hopes on the petroleum factor, and Brazil, which has come forward in the last several years among

the most "computerized" of the developing countries; South Korea, whose constantly differentiating production and exports (including, say, services associated with construction) created a not-too-burdensome foreign debt (in its absolute magnitude the country occupies one of the first places in the Third World), and the Philippines, where energetically expanding growth was choked by economic and social disorders etc.

Adaptation to world production and markets is becoming more and more complex, of course, while only a few of the developing countries are capable of "follow the leader" at this stage. The majority of them can count on achieving satisfactory results only in the quite distant future. There are not and cannot be any quick and universal solutions here at all. The adjustment of economic strategy and the quality (and not the cheapness) of the workforce, both as implicit in cultural tradition and gradually cultivated by a whole set of conditions of industrial labor and the competitive selection of both manager and executor, take on all the more significance.

What is the general form of an economic mechanism that would facilitate the resolution of the future tasks of the developing countries?

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Quite recently a simplistic vision of changes in the economic mechanism that proceeded from a simple extrapolation of the trends that predominated since the war to the middle of the 1970s made two processes absolute. First of all, the supposedly unalterably growing concentration and monopolization of production and capital. Second, the triumphant procession of the state that had been transformed into a constituent element of the economic basis and, as it seemed, had wrested one sphere of economic activity after another from private business, so as ultimately, at the end of the path, to centralize scattered private property within the framework of the "collective ownership of the class of capitalists." It seemingly only remained to complete the process by means of social revolution, to transfer economic and political power in the state to the working class and the laborers. I don't want to throw stones at anyone, I myself at one time paid tribute to such depictions, albeit not in such an extreme expression.

In the 1980s (or even somewhat earlier) it was becoming more and more obvious how incautious such an absolutization was. The actual bankruptcies and break-ups of a number of major corporations and the displacement of a certain portion of scientific-research and development activity into the sphere of small and medium-sized production are creating a quite powerful counterpoise to the trend that dominated in the 1950s and 1960s, when the standardization and centralization of capitalist structures seemed to be an irreversible process. The "flexibility effect" acquires no less, and sometimes more, significance than the "scale effect" of production.

Small production, which has not resorted, or has resorted fitfully and on an inconsiderable scale, to the hiring of manpower, remains an exceedingly important sector of the contemporary capitalist economy. The transition of scientific and technical revolution into a new orbit (application of contemporary technology, the achievements of information science, the restructuring of production systems—the departure from seemingly unshakable principles of standardization and increases in the scale of production—and the rise in the role and socio-economic re-organization of the services sphere) has breathed new life into small-scale production. "The law of the supremacy of large production is not at all as absolute or as simple as is sometimes thought," wrote V.I. Lenin as early as at the beginning of the century.<sup>1</sup>

Although small-scale production remains a subordinate element in the capitalist economy, it is in no way a residual artifact of pre-capitalist modes of production, but is rather constantly being reproduced by capitalism. Decentralized small-scale entrepreneurship in the developed countries, brought to life by the latest technology, rise in the role and quality of the "human factor" in the system of productive relations and a whole set of conditions of the modern reproductive process, as a rule has more in common with its analogues in France during the time of Balzac or England during the time of Dickens than modern corporations do with the "privileged" companies that received a royal charter in past centuries, or today's capitalist consortia with the league of Hanseatic traders. Armed with contemporary technology and using personnel with varying, including high, skills, the small-scale "independent" economy in the sphere of material and spiritual production, circulation and services of various types have evidently entered into a long-term historical phase where its economic and social role will be increased.

On the other hand, neither a broad expansion of the state into the economic sphere nor a far-reaching monopolization have eliminated competition or the effects of the spontaneous market forces that have an active influence on price formation, structural restructuring or business cycles, as well as the technical progress that impels or restrains it.

Shifts in the economy of the developed capitalist countries in recent years should not be linked just with the manipulations of monopolies "conceding" inefficient spheres to small business and with the social revanchism of the large private-ownership bourgeoisie and growing state bureaucracy to its place and depriving the laboring portion of its conquests, although the one and the other both do occur. A permanent adaptation of the mechanism of economic operation to the new economic conditions is underway. This mechanism was and remains a dual one: it is a contradictory unity of competitive-market and regulatory (at various levels—private-monopoly and state) and conscious and willful principles.

The mechanism of macro-economic regulation in the developed capitalist countries is constantly being fine-tuned and modified, and the correlation between the state and the private economic factors is altered. Today the pendulum has swung, showing that the field of activity of private enterprise has become wider. The trivial conclusion that the model of "organized" capitalism with economics guided from the center cannot be accomplished should not be drawn here, since it contradicts the social interests of the ruling class. It is much more important to understand, in my opinion, that this model is economically unviable. Any complex economic system should envisage a greater or lesser degree of autonomy for enterprises, the interaction of direct and reciprocal ties and a mechanism of self-regulation. The pendulum "state—private enterprise," the movement of which at this stage is usually signified as the surge of a "neo-conservative wave," will thus evidently fluctuate in the future, and moreover in both directions. The mechanism of state regulation is not dismantled, but rather takes on new forms.

In the countries that are developing in capitalist fashion, albeit on a different material and technical base, in other ways and in a different sequence, a mechanism is also being created "building up" an economic structure for the conditions and models defined by the centers of the world capitalist economy. The relative immaturity and "insufficiency" of capitalism in countries with a "disrupted" (in relation to the classic models, while in fact—actually historical alternatives) stage sequence are manifested not only or even not so much at the upper levels (state) as at lower ones (market, competitive) of the socio-economic system.

The fact that the disintegration of natural ties, market expansion and the escalation of small-scale commodity production into lower and intermediate forms of capitalist production that form the connecting link between lower and upper levels of the economy has accelerated noticeably is a new phenomenon. There is a "reciprocal" capitalist transformation of the lower levels of the traditional exploited groups and segments of the immediate producers and growth in "low-level" capitalism not only in the city, but in the village as well. In many Third World countries, a private-capital business structure and its base elements—a market, a competitive mechanism, average profits and costs of production, capitalist rents and release from extra-economic compulsions—are forming on national soil.

The restructuring of socio-economic structures on the periphery of the world capitalist economy is transpiring under the influence of at least three factors:

—the strategy of the ruling forces of the capitalist-oriented developing states, energetically supporting international institutions of state-monopoly capitalism;

—the inertia of the objectively discouraging process of the capitalist transformation of the economy, after which it passes through its own sort of critical points;

—the direct "transference" of capitalist structures (including of the latest types), chiefly (albeit not exclusively) in the form of branches of multi-national corporations and the social "demonstrative effect" of the world capitalist system, the attractiveness of which should not be underestimated for certain segments in the developing world.

That is how the most general and long-term trends of the development of the Third World countries look. In the situation of the last few years, the "neo-conservative wave" has attracted the most attention. Its influence is connected to a significant extent with the recommendations of the IMF and the World Bank, whose policies reflect not so much the aspirations of individual monopolistic groups as the interests of the world capitalist economy overall, and first and foremost the centers of it. But on some material points, it meets the long-term interests of the developing countries themselves as well. It is being proposed that they weaken administrative methods of economic management, put state finances into order, reduce budget deficits, refrain from the execution of prestigious but economically unsubstantiated "projects of the Pharaohs" etc. Some of these proposals are not devoid of sense. It is another matter that one cannot permit the immediate dismantling of the mechanisms for the redistribution of resources in favor of the poorest segments (for instance, in the form of subsidies for basic foodstuffs and the like) that have taken shape in many of the developing countries or a reduction in the role of the state as the guarantor of the physical survivability of millions of people all at once for the sake of economic revival.

It has to be taken into account in any case that in the face of the prevailing limited nature of resources, the developing countries face a difficult choice between economic efficiency and the social problems that are imperiously making themselves known and whose solution lies chiefly on the shoulders of the state. This choice cannot be unequivocal and uniform in all cases. I note only that the economic mechanism should reflect private and common interests. Here there is a knot of difficult contradictions that could be both the source of development and lead to acute social crises. The clash of centrifugal and centripetal forces inside and outside national economies is also leaving its imprint on the situation.

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The internationalization of economic ties in the world capitalist economy is not proceeding smoothly or consistently. The set of contradictions "between multi-national corporations and the national-state form of political

organization of society"<sup>2</sup> in particular is one of the most profound antagonisms of world capitalism and an important factor in the instability of the system.

The negative consequences of the inclusion of the developing countries in the world capitalist economy and the activity of the multi-national corporations within it are also well known. But the economies of the overwhelming majority of these countries are "opening up" to the outside more and more anyway, while the creation of the latest types of production not associated with the multi-nationals in this or that form, even those aimed at world markets, is very unlikely in the majority of cases. This is even confirmed by the example of the country whose economy is practically the most "self-sufficient" in the Third World—India—where in recent times a transition from a comparatively closed economy protected by high customs tariffs toward more intensive international ties and the attraction of foreign capital into sectors that set the pace of scientific and technical progress has been observed.

The contradictory dialectic of attracting and throwing out foreign capital has been manifested in different ways over the course of the postwar decades. At the contemporary stage, it is, on the one hand, perhaps the growing vested interest of many developing countries in foreign investments (especially in the form of direct investments in scientifically sophisticated and high-technology sectors) that predominates, while on the other, there is a certain weakening of interest in such investments among private foreign investors of capital (wherein it is economic motives rather than the political apprehensions of the 1960s and first half of the 1970s that are a restraining factor). The international activeness of the multi-national corporations is increasing nonetheless. The new ties that are making the economies of the developing countries more and more international, by the way, are not formed by the multi-nationals alone. The flow of capital crossing state borders is being accumulated to a significant extent by credit institutions and securities markets from the non-monopolized sector. The social heterogeneity of the donors of capital is becoming stronger in both the developed and the non-developed countries; they include state institutions of the developing countries, enriched oil exporters, a Latin American oligarchy, major Indian companies etc.

The consequences of structural restructurings in the centers of the world capitalist economy and the catastrophically increased indebtedness of the periphery have sharply worsened the situation and pushed off the solution of the most acute problems of many of the developing countries into the indefinite future. But the worsening of the situation has affected these countries to far from equal extents: the structural restructurings in the capitalist economy, "killing off" certain sectors and making others non-competitive and unpromising in the world market (sometimes created recently and with great labor), open up new opportunities at the same time. The colossal indebtedness will evidently define the situation

for a long time to come. It is essential to take into account, however, that both debtors and creditors have a vested interest in reducing the acuity of this problem. Further steps will probably be taken to avert economic collapse. These steps could be more or less radical and meet the interests of the developing countries to a greater or lesser extent, but the universal rejection of debt payments that is sometimes proposed, having certain merits as a political slogan, seems to be the least probable and universal way of solving the problem. The quest for a way out will be conducted on both sides, it seems, welded solidly together by debt relations.

The dialectic of world-economic and domestic-economic integrating factors in the developing countries is exceptionally complex overall. Internationalization to a certain extent "works" at separating the national economies across the whole expanse of the world capitalist economy, and this is manifested especially distinctly under the conditions of the as yet largely unformed and disintegrated national-state formations of the developing countries. The splitting of the economy is obtaining a new "nudge." Modern sectors of production and service spheres that make use of such traditional advantages as geographical location, climatic conditions, natural resources and cheap (and in some countries, which is significantly more important, adaptable) manpower are developing. But these sectors tend to depend more and more on factors of scientific and technical revolution. And since economic and social conditions in many regards are immature and conservative, traditional and hybrid forms of production encompassing significant groups (in many countries, the majority) of the active population will be preserved for a long time, which is, of course, fraught with acute social conflicts.

These processes testify to the formation of a new structure for the non-socialist world. It is not as dichotomous as is presented in the majority of our theoretical works, even today. It will be even less so tomorrow.

In discussing the problem of the confrontation and separation between the developed and the developing countries, it is incorrect, in my opinion, to dwell on the essential but initial stage of analysis. In other words, one cannot juxtapose average technical, technological and economic parameters without a regard for the fact that the boundary between this and that part of the non-socialist world is conditional and mobile.

The development of capitalism in the centers and on the periphery will form the intermediate zone more and more intensively. The trend toward a gradual expansion of the economic and geographical boundaries of that zone, in my opinion, will predominate.

#### Footnotes

1. V.I. Lenin. Complete Collected Works, vol 4, p 110.



2. See: "Materials of the 27th Congress of the Communist Party of the Soviet Union." Moscow, 1986, p 15.

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### Problems of Capitalist Monopoly for Asian, Near Eastern Countries

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[Article by Candidate of Economic Sciences Ye. Kotova under the rubric "The Economist's Rostrum": "A Special Model for the Emergence of Monopolies in the Orient"]

[Text] The more intensively the "slow, difficult but unceasing process of socio-economic transformations in the life of the peoples comprising the majority of humanity"<sup>1</sup> transpires, the more it is clearly visible that the Orient will not repeat the evolution that the industrial West completed in its own time. This can be detected not only in analyzing the development process as an integral whole, but also in addressing individual problems. One of those is the formation of national monopoly capital, research on which is also shedding light on important specific features of the mechanism of capitalist development as such.

The problem of capitalist monopolies in the Orient is associated first and foremost with the last two decades of their activity in relatively developed countries such as India, Turkey, Pakistan, Malaysia, South Korea and Egypt. The leading position in the production of many types of products, as well as in national exports, is occupied by a limited number of the largest firms in those countries. Some 17.1 percent of the GNP went to the top few dozen state and private companies in India by the middle of the 1980s (if we take just the top ten, it is 4.6 percent), 13.2 percent in Pakistan (for the top ten private companies, 5.1), 19.2 for Malaysia, 24 for South Korea and 28 for the Philippines.<sup>2</sup>

What are these companies? First of all, the irregularity of the development of the processes of concentration in each of the cited countries calls attention to itself. In India there exist about a hundred companies with assets of over 100 million dollars, but just the first quarter of those have assets from 500 million to 1 billion dollars. In Malaysia, relatively more backward and smaller in size, just 48 companies have "crossed" the hundred-million line, but among them are such giants as, say, Saym Darbi and Malaysia United Industries with assets of about two billion dollars and the Malaysia Mining Corp. with assets of 3.5 billion dollars. The average size of the assets of the three "leaders" in the Philippines concedes nothing to the top troika of South Korean companies, although the differences in productive forces behind each of the three are evident. The question arises: what is the link between

the development of the processes of concentration and monopolization, on the one hand, and the overall level of the development of capitalism, on the other?

Second, the might of the national monopolies and the concentration of capital are manifested first and foremost not at the level of individual companies, but at the level of groups: while the top few dozen companies in India hold, as was noted, 4.6 percent of the GNP, the first ten groups have about 35 percent.<sup>3</sup> These are the Tata, Birla, Mafatlal, Singhanian and Tkhapar groups among others. In Pakistan they are the monopoly families of Habib, Adamja and Daud. In Turkey they are the Koch, Sabanjy and Chukurova groups, while in the Philippines they are the Soriano, Konhuanco, Silverio and Dizini families; South Korea has Hyundai, Samson, Daiwu and Lucky Gold Star, whose total sales comprise 37.2 percent of the GNP.<sup>4</sup>

Finally, we also note such specific features that have been considered in our literature as the pronounced family or clan core of the group, its link with the traditional oligarchy of the whole country and the extraordinary diversification of the spheres of activity. In India the companies of the Tata group, for example, are engaged in the production of steel and sheet metal (Tata Steel), power-engineering equipment (Tata Hydro), chemical products (Tata Chemical), detergents, vegetables oils and paints (Tata Oil), machinery and equipment (Tata Engineering) and tea, coffee and food products (Tata Tea). The spheres of activity of the Malaysian groups of Saym Darbi (plantation farming, the food industry, shipbuilding, trade, insurance), Malaysian United Industries (the production of sugar, cement, trucks, hotel maintenance, trade, insurance), the Philippine Soriano family (the food, textile and paper industries, the production of fertilizers, motor-vehicle assembly, transport and cinematography) and the overwhelming majority of the others are just as diverse.

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In order to understand what lies behind these apparent outward features of Oriental monopolies, let us recall what we know about capitalist monopoly in the West.

The classic capitalist monopoly researched by V.I. Lenin is a product of the concentration of capitalist production at a definite stage. It arises as an element of negation of some of the inner aspects of capital that have reached their maximum development at the stage of free competition, which, as K. Marx considered, "comprises the foundation of all bourgeois production that is based on capital... By its very concept *competition* is none other than the *inner nature of capital*, its material definition."<sup>5</sup>

It is namely free competition among capitalistically produced goods exchanged on the basis of the law of value that assumes the victory of that for which the individual value proves to be minimal. This entails



progress in productive forces, growth in organic construction and the concentration and centralization of capital—a process that logically leads to the appearance of monopoly capital. This monopoly, “having grown out of capitalism and in a general climate of capitalism, commodity production and competition, is in constant and inescapable contradiction with this overall climate.”<sup>6</sup>

The era of free competition as the “free development of a mode of production based on capitalism and the free development of the conditions of capital” in turn arises only at the foundation of such commodity production in which the law of value is the universal regulator. The economy is completely cleansed of vestiges of pre-capitalist relations, various forms of extra-economic alienation and the mercantile modes of exchange typical of the era of the sway of commodity capital and primitive accumulation. The transformation of the law of value into the universal regulator of commodity production in the West signified the completion of the era of the “pre-history of capitalism” and the transition to the specifically capitalist reproduction of all goods, including the chief one—manpower—on a value basis.

Meanwhile, all forms of extra-economic alienation, extra-value and non-equivalent, exchange as well as all types of estate benefits and privileges, engendered those forms of exchange that are none other than the aggregate of monopoly relations characteristic of pre-capitalist modes of production. They proved to be destructive in the course of the emergence of capitalism in the West, since they impeded such an emergence. “Free competition,” wrote K. Marx and F. Engels, “within a country was everywhere won with the aid of revolution—1640 and 1688 in England, 1789 in France.”<sup>8</sup> The destruction of the vestiges of medieval monopolies and the affirmation of the “rule of economic relations”<sup>9</sup> proclaimed the beginning of the era of free competition—an era of the consistent progress of capital that ultimately created the foundation for the appearance of new monopolies of a fundamentally different (capitalist) formational nature.

Capital in the Orient, born in its own mature stage of hypostasis, did not reproduce the preconditions of its emergence, but only adapted to money-exchange relations to itself in forms that were historically extant long before the appearance of capitalism. The lack of personal and economic freedom of the producer, the extra-economically established norm for the alienation of product (through the size of rent, taxes, interest rates)—these base relations for pre-colonial Oriental society formed a natural historical system of regulators of a commodity economy that fundamentally differ from value regulators. They thus “worked” for the emergence not of a freely competitive economy, but a mosaic system of forms of monopoly practice not specific to capital, but preserved under the new conditions, since now this system made use of capital and ensured it a traditionally high standard of exploitation.

The representatives of the traditional elite, tradesmen and money-lenders obtained new business opportunities with the appearance of capital, but they did not break with their old levers of monopolistic appropriation. The newly arising capitalist enterprise was based on a monopoly on the land and the exploitation of the dependent producer (in the agricultural sphere and the plantation sector) and imports of machinery and equipment (in industry). Regional markets were transformed into systems of local monopoly. A handful of plantation owners or money-lenders monopolized political power in this or that area, realizing it economically as well.

A cruel struggle went on for the possession of these or those monopoly attributes which did not, however, take the form of free competition among values or the form of outward relations. They fought for a monopoly on the shipping of goods along this or that river, for the right to exact duties and taxes or for influence in the caste or commune which made it possible to widen the circle of business operations and make use of caste financing. As a result the economy, more and more subordinated to capital, continued to preserve the appearance of a hierarchical system during which fragments of the most formationally diverse monopolistic relations eased the reproduction of capital.

The growth of capital in such a system could be achieved without the universal liberation of the producer from pre-capitalist forms of exploitation and ownership, while the concentration of commodity and monetary wealth could be developed without the collectivization of productive forces.

The management agencies in India or the agent houses in Malaysia, for example (branch enterprises of European monopolies in the colonies for managing a series of frequently diverse enterprises and financial institutions) linked together large, medium and small farms of various structures. Raw materials and agricultural output moved from the immediate producer to the local market to the buyer and then right up to export to world markets. This movement was accomplished at monopoly prices. Work by pledging part of the harvest, sharecropping, high interest—all of these attributes of non-competitive markets were used by capital, thereby transformed into a monopoly position. The oppressed state of the principal body of farms paralyzed their development, while the opportunities for appropriating monopoly profits deprived the upper reaches of capital of incentives for progressing by stages to modernization.

Large-scale industrial production arose on the basis of those same management agencies that had not matured gradually from small-scale production, but had rather appeared “suddenly” on it, violating the logic of the inner organic evolution of productive forces. It was most often immediately transformed therein into a variety of monopolistic superstructure on the remaining body of industrial and trade production.

Some 78.5 percent of the area of the plantation sector, 90.3 percent of tin production and 463 out of 580 registered companies in the processing industry fell to the share of the six largest agencies in Malaysia in the middle of the 1940s. All of the agencies operated simultaneously in each of these spheres, and the diversification led to a high level of concentration of capital even at the early stages of its development.

At the beginning of the century, the Malaysian house of Saym Darbi held 11 percent of plantation land area, controlled a quarter of tin production and held 12 shipping, four insurance and eight banking companies. Holding a number of the "commanding heights," Saym resorted to the creation of its own enterprises in the processing industry with the purchase of a branch of the British Cadbury chocolate company.

At the beginning of the 1970s, Saym already numbered some 117 companies for the processing of raw materials, agricultural products and the production of spirits. In the 1960s the group established control over the shares of the industrial companies of Pemas, Tractors Malaysia and the Kempas Rubber Company, having, in turn, branch enterprises in all countries of the Asian-Pacific region. Further diversification led to a drop in the share of the plantation sector in group profits from 61 percent at the end of the 1970s to 40 percent in the middle of the 1980s, since the subdivisions in heavy industry and shipbuilding had grown.

Finally, the system of monopoly relations that was utilized but not engendered by capital was nourished by specific socio-cultural features of Oriental society. The corporate-estate structures that had taken shape according to religious, ethnic, language and caste principles regulated the social activity of individuals, which was not only a drag on the process of capitalist rationalization of business activity and economic thought and undermined the development of the very spirit of free competition, but also transformed many of its corporative blocs of a traditional type into the likeness of monopolistic corporate structures. All forms of social practice typical of corporate structures (caste credit, preference in selection of partners, individual union, formal and informal compact, cartel formation and the creation of business associations in a caste or estate basis) proved to be factors in the monopolization of the economy during the times when the question had not yet been fully posed of the classic factors of this process engendered by capital itself (capitalist competition, the universal law of capitalist accumulation).

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The aggregate of institutional regulators of the economy that appeared in traditional society and were then reinforced by capital created a monopoly covering for it. The appearance of monopolies was here not directly connected with the stage-by-stage progression of capital and the mode of production that rested on it. This does not

signify, however, that contemporary Oriental monopolies are devoid of capitalist substance, that they are ossified rudiments of traditional society. They underwent a qualitative evolution, taking on more and more specifically capitalist features to the extent of their development. The monopoly of trade capital of the communes of buyers was transformed into the trading house, into the management agency, and then into the multi-sector trade and industrial concern. The traditional associations of money-lenders created joint-stock banks, which then took on the features of financial capital intertwined with industrial. The estate-caste guilds organized cartels and business chambers.

The dialectics of the interaction of the development process of the monopolies themselves and overall capitalist evolution consists in particular of the fact that the monopoly could acquire specifically capitalist features, but could also conserve monopoly attributes that were not specific to capitalism. In any case it was namely it, and not the laws of free competition, that ensured rapid growth for capital.

The contemporary Oriental monopoly developed not along the lines of "capital—larger capital—monopoly capital," but along the lines of the genetic chain "pre-capitalist—early-capitalist (trade, finance) monopoly of primitive capital—capitalist monopoly of this or that stage of maturity of capital embodied in it." In considering the development processes of monopolization in the Orient, one should not overestimate the degree of accumulation of specifically capitalist substance.

Even today in the liberated countries that have advanced the furthest along the capitalist path, the corporate heights of capital continue to retain their heterogeneity, using all the forms of exploitation that exist in society either openly or covertly.

The capitalist monopoly (the chief form of which is industrial) specifically differs from the backward historical types of monopolies in that manner, which not only captures part of national income, turning it into its own monopoly profits, but itself also creates the material substrate for that profit, that is, capitalistically produced output, the individual costs of which are held by the monopoly at a level below the social mean.

The status of the Oriental monopoly is derived not so much from its mastery of types of sector production as it is from the overall body of accumulated capital and the socio-political ties of its leaders. Sector markets and types of production are often of a seemingly "scrap" nature: producers of various calibers co-exist in the production of one type of product, and small ones need not be displaced by the larger ones at all, since the work of the one and the other is oriented toward different markets. At the same time there exist markets where there can be no discussion of effective competition with the "leaders" for technological reasons. The economy, in

other words, proves not to be homogeneous, but seemingly woven together from individual markets and types of production in the ties among which predominate spontaneously formed monopoly rather than competitive-value proportions of exchange.

The very fact of the multi-institutionality of the economy and relations between rule and subordination borrowed from the arsenal of traditional society play an especial role in the reproduction of contemporary monopolies. This is most clearly manifested in the "primary sector," which continues to remain the foundation of the economy in many countries. Both contemporary types of production in processing, transport and packaging of product, as well plantations where the most varied of methods of exploitation are used right up to bondage and small farms, are embraced by unified sales and supply, and sometimes financial control, in the jute, cotton and tea industries of the countries of southern Asia and in the production of rice, rubber and palm oil in Southeast Asia. The factory owners frequently are in the role of large landowners giving out some plots for lease. The monopoly profits are thus formed from the most varied of sources, while the monopoly itself turns into a superstructure on a multi-institutional economy and combines within itself the following elements:

- capitalist monopoly, to the extent that it includes types of capitalist industrial production and bank subdivisions, that is, modern forms of capital;
- a market monopoly, to the extent that it uses non-equivalent, non-value exchange for capturing monopoly profits;
- pre-capitalist monopoly, based on traditional economic and social relations and the extra-economic coercion engendered by them.

The intertwining of different formational and stage elements (each of which existed in the Western model as an independent phenomenon, outwardly similar but in essence fundamentally distinct by prolonged historical intervals) turns the Oriental monopoly itself into multi-institutional capital resting simultaneously on formationally different principles of reproduction.

Even modern capitalist corporations taking equal part in international monopolist competition, such as, for example, the South Korean concerns supplying electronic items, one out of three shirts and one out of five pairs of shoes to the markets of the developed capitalist countries, ensures it monopoly profits through the use of attributes of traditional society. The essence of the very processes of concentration and centralization that lie at the foundation of these monopolies are modified. After all, the paramount significance of concentration in the model of the emergence of the Western monopoly consisted of the fact that it did not simply reflect quantitative growth in individual capital, but also entailed changes in the organic structure of capital through the

mechanism of intersector competition. Centralization was also not simply the unification of capital, but the point of departure for shifts in productive forces as well.

In the Orient, the shifts in organizational structure and directions and rates of modernization are not set by the logic of the competition of international competition. The restraint of organizational structure and the utilization of cheaper and relatively backward equipment and its operation with the aid of "sweat" methods—that is what frequently ensures the bosses of Oriental corporations the receipt of profits that are near average world norms. The spending on wages in particular is determined by the historically extant standards of living, demographic pressure and, finally, the traditional client social practices that minimize the probability of the appearance of social protests. The cost of wages is implicit in prices oriented toward the value of manpower in the centers of capitalism. The whole aggregate of attributes of traditional society and all elements of deformation of capitalist development are utilized to increase profit levels.

The question arises in this regard of the mutual relationship of Oriental monopolies with multi-national monopoly capital. The question is not only that the Oriental monopolies are as yet not comparable to the multi-nationals in might—that is obvious. Something else is much more important: the Oriental monopoly frequently has more solid monopoly positions than the multi-nationals in the domestic market, but that is not explained by its triumph in monopolistic competition, but rather most often by the support of the state and the "greenhouse" conditions that are created for national capital. This reflects namely its stage immaturity, weakness and need for institutional support. It is also not the real ability of the Oriental monopolies to "squeeze" the multi-nationals that lies behind their successful activity in some international commodity markets (right up to the markets for high-technology products), but rather the ability to become built into the international division of labor that is created first and foremost by the multi-nationals forming the "face" of the world capitalist economy. Passively accepting the conditions offered, filling in the "niches" left by the multi-national corporations, making skillful use of the conditions offered but not forming those conditions themselves—that is how the subordinate role of the monopolies of the Oriental countries is manifested.

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There are thus two different logical-genetic codes for their emergence and reproduction lying behind the actually existing and increasing functional similarity between Western and Oriental monopolies. This is in turn a reflection of a series of fundamental differences in the models of capitalist evolution in the West and the Orient themselves. We will note just those that can be immediately discerned within the framework of the topic of this article.

There is no genetic tie whatsoever between the system of pre- and early-capitalist monopolies and the system of monopolistic capitalism in the West. On the contrary, only the complete rejection of the former system by the era of free competition prepared the soil for the appearance of capitalist monopoly from capital itself. In the Orient, the evolutionary escalation of pre- and early-capitalist monopolies into contemporary ones and the genetic link of the latter with traditional corporatism imparts to them the nature of a permanent attribute, and not at all the trait of the highest development of capitalism. The monopoly here moreover ceases to be an indicator of the maximum maturity of capital itself, since it does not everywhere undergo capitalist transformation completely at all.

The monopoly, being an unchanged attribute of capitalist evolution, leaves no room in that evolution for the universal manifestation of the laws of free competition or for the formation of that particular stage in the development of capitalism. The falling out of that stage is not simply one of the specific features of capitalism in the Orient, it is a most important reason for many other distinctions in the mechanisms of Oriental and Western capitalism. After all, only in the stage of free competition is capitalism able to transform society completely in accordance with its own laws, impart a formational homogeneity to the basis and form a social structure and political superstructure suitable to that basis. Only at that stage is an internal coordination between economic and social progress achieved. Deprived of this "golden age," capital in the Orient loses a significant portion of its transforming influence on society. It needs to make gradual use of elements of social relations alien to its inner nature, and it is reproduced in a system of monopolistic and non-free relations conserving many traditional mechanisms. All of this eases the growth of intrinsic capital itself, but profoundly and irreversibly deforms the path of capitalist evolution, worsening economic and social contradictions manifold and increasing the "price" society pays for the development of capitalism.

#### Footnotes

1. Materials of the 27th Congress of the Communist Party of the Soviet Union. Moscow, 1986, p 16.
2. Calculated from: "Asian Finance," 1987, No 12, "South," 1987, No 55.
3. See: "Economic Times of India," 26 Mar 86.
4. See: "Asian Finance," 1987, No 11.
5. K. Marx and F. Engels. Works, Vol 46, Part I, p 391.
6. V.I. Lenin. Complete Collected Works, Vol 27, pp 396-97.
7. K. Marx and F. Engels. Works, Vol 46, Part II, p 154.

8. K. Marx and F. Engels. Works, Vol 3, p 60.

9. Ibid., Vol 21, p 310.

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#### Political Conflict in Mozambique Examined

Moscow AZIYA I AFRIKA SEGODNYA in Russian  
No 11, Nov 88 pp 28-31

[Article by V. Molev under the rubric "Countries, People, Time": "From the Wounded Earth of Mozambique"]

[Text] Life in Maputo at first seems serene, far from the difficulties that a front-line state has to overcome. But the impression is a deceptive one: one needs to spend a couple of hours wandering the city to sense the tension and inner concern of its inhabitants. The long lines at food stores, abandoned beaches at the height of the tourist season, armed patrols... In short, life in Maputo, located 80 kilometers from the border with South Africa, which controls the actions of the Mozambique counter-revolution—the so-called Mozambique National Resistance (RENAMO)—is not simple. It is difficult and filled with deprivations and trials. The bandits derail trains, attack vehicles carrying food to the city, blow up electrical-transmission lines—leaving Maputo without light—and take revenge on those who do not go over to their side. People without noses, ears, lips—the victims of blunted cruelty—walk the streets of Maputo like characters from a Goya painting. Mozambique has its own Lidice as well—Homoine.

On 18 Jul 87 a band of several hundred people attacked this regional center in the province of Inhambane and savagely murdered 380 residents. They did not spare the sick, the pregnant, the newborn... "Those who survived are in deep shock. When you start speaking to them, they begin to sob," related the editor-in-chief of the newspaper NOTISIAS which is published in Maputo, Mario Ferro, returning from Homoine.

"The slaughter in Homoine," said Sergio Viera, the director of the Center for African Research of Eduardo Mondlane University, "followed the declaration of the South African minister of defense, Magnus Malan, of the beginning of Pretoria's open support for 'pro-Western forces' in neighboring countries. The crime was also preceded by increased shipments of arms and munitions from South Africa to the bands."

What is RENAMO striving to achieve? First and foremost, to disorganize popular power and put it in the clutches of economic crisis so as to force the government to move toward political compromise with RENAMO.



The national security service has learned of a wide-scale plan for terrorist and sabotage operations against the republic that has been developed in Pretoria. The mission of the commandos from South Africa includes attempts on the lives of leading figures in the Frelimo Party and the government apparatus, as well as on members of the African National Congress of South Africa living in Maputo, and sabotage at enterprises and institutions.

But the easy victory that Pretoria was hoping for has not resulted nonetheless. RENAMO thus been trying to expand combat action to the territory of the whole country since the end of 1986.

"We are not fighting scattered forces anymore. This is a genuine war against an aggressor," said Mota Lopes, deputy director of the Center for African Studies. "In the last days of November of last year, about 10,000 armed cutthroats attacked Mozambique from bases in Malawi. They destroyed small cities, villages and factories. According to our calculations, the damage totaled 100-150 million dollars. The bandits made for Quelimane with especial persistence. Had they seized that port city, South African arms could have been shipped along the river into the heart of the country."

Units of the Mozambique army along with Zimbabwean and Tanzanian troops, however, smashed 32 terrorist camps and freed many populated areas. The plan to dismember Mozambique collapsed.

"Another direction of RENAMO attacks," continued Mota Lopes, "is the 'Beira corridor.' Pretoria is trying to destroy the railroad, pipeline and auto road to Beira to force Botswana, Zimbabwe, Zambia and Malawi to use only South African ports and roads. This corridor, like the railroad to Nacala that was laid to the north, are important to us as a source of foreign-currency receipts. To destroy them would mean to doom us to hunger. The bandits are purposely aggravating the situation of the population, taking the last remains of food from them and plundering warehouses."

The wager on hunger and economic ruin determine the direction of RENAMO strikes. Industrial and agricultural enterprises and transport trunk lines are becoming the chief targets. In the north, in the lower reaches of the Zambezi, the bandits have destroyed the two largest sugar plants in the republic—in Marromeu and Luabo. Some 10,000 tons of tea have been lying in Gुरुhe without transport for many months, cut off from the port of Nacala. The operations of the coal basin at Moatize have been practically completely paralyzed since 1982, while it could produce 600,000 tons of coal annually—24 million dollars of profits, a quarter of the overall total of the country's export receipts. Operations in creating an agro-industrial complex in the Limpopo Valley are being disrupted. The hydroelectric complex at Cabora-Bassa,

the largest in Africa, practically does not operate, as the bandits are constantly blowing up the support towers of the electrical-transmission lines.

The government of Mozambique has waged an active struggle against RENAMO bands, and by the beginning of the 1980s it seemed that they would be able to handle them. Their actions were sporadic and had no catastrophic consequences like today. The country's economy, which was of a service nature during colonial times and was oriented toward serving its southern neighbor, gathered pace during the first years of independence. The trend toward independence was manifested more and more distinctly in it. The day finally came when the question arose of the development of measures by the Southern African Development Coordinating Conference (SADCC) that would permit the country to rely on its own manpower to a certain extent. This concerned first and foremost the transport network of Mozambique. There were seriously troubled in Pretoria. The South African racists, with the aid of RENAMO, decided to "suggest" to Mozambique how it should conduct itself in a "respectable" family. Detachments of well-trained and well-armed mercenaries and saboteurs were deployed there in 1981. South African instructors took on the development and coordination of armed operations by RENAMO. A network of agents was created in a number of cities, including Maputo and Beira.

The young Mozambique army, suffering a shortage of arms, communications equipment and transport as well as a lack of well-trained officers, proved to be in a difficult position. Under these conditions, the government headed by Samora Machel, in the hopes of getting somewhat of a respite, signed the so-called Nkomati Accord of mutual non-aggression with South Africa in March of 1984. The treaty actually did push back the threat of direct South African intervention for a certain time.

But as it was later revealed, training camps for RENAMO bandits and supply bases for them were transferred to neighboring Malawi. Moreover, Pretoria—as testified to by documents found in a destroyed RENAMO headquarters at "Casa Banana" in Gorongosa—not only did not cease, but rather even increased, its arms deliveries. While all of this was set in motion, in Pretoria they were hardly aware that the Zimbabwean troops that had come to help at the request of S. Machel were quite effectively protecting the Beira corridor. The prospect of increasing its traffic capacity as a result of the modernization of the port and the structures of the corridor drove Pretoria crazy.

After the signing of the Nkomati Accord, the government of P. Botha was also figuring that Mozambique, economically dependent on South Africa, would throw the doors wide open to South African capital and would prove to be beyond any competition. That did not happen. S. Machel not only had a cautious attitude toward his neighbor as before, but strove to reduce the



dependence, so that just a few South African companies obtained the right to operate in Mozambique. S. Machel, in short, proved not to be as complaisant as Pretoria had figured and continued on his own course. It was becoming more and more obvious that he was an inconvenient figure for South Africa, and the apartheid regime set about determined actions to overthrow the popular order.

What explains the insatiable and pathological cruelty and thirst for destruction that are characteristic of RENAMO? The reason is probably that it has not found any material support among the broad popular masses, and there is nothing left for the bandits except to act according to the principle, "The worse—the better." It seems that the negotiations associated with a peaceful settlement in southwestern Africa (they include Angola, South Africa and Cuba with U.S. mediation), as well as the negotiations that were held in the middle of September 1988 between the presidents of Mozambique and South Africa, are proving to have a stabilizing influence on the situation in Mozambique. In any case, in the course of a meeting with P. Botha in the village of Songo (Tete Province). J. Chissano, as was reported, obtained guarantees that South Africa would not support the RENAMO bands. It was pointed out in a joint communiqué that the two countries had reached agreement to "resurrect and reinforce" the Nkomati Accord, expand the use of the Port of Maputo by the South Africans and deliver electric power from the Cabora-Bassa Hydroelectric Power Plant to South Africa.

The negotiations gave rise to definite hopes for a weakening of tensions in the region. But time will show how ready Pretoria really is to refrain from intervention in the internal affairs of Mozambique and move toward constructive dialogue with it.

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Pretoria has been using another tool of pressure aside from the RENAMO bands—economic pressure: under the pretext that the ANC is supposedly continuing to operate from the territory of Mozambique, it has decided to send home about 60,000 workers from Mozambique that were employed in mines in South Africa. Mozambique, with an acute need for foreign currency, has thereby been deprived of the 57.7 million dollars that were brought into the country by those workers every year.

Articles have been appearing in the South African press at the same time foretelling an early end for the young republic. South African Defense Minister M. Malan even came out with direct threats of physically dealing directly with Machel. The demise of Machel in an air crash seemed far from an accident in this atmosphere of hostility and hatred. The preliminary conclusion of a joint Soviet-Mozambique commission of inquiry, according to which the aircraft crashed due to course

deviations as a result of the operation of a powerful outside transmitter, affirms the opinion that the intelligence services of South Africa were connected with the death of Machel.

The actions of RENAMO having inflicted enormous harm on the country. The aggregate social product declined by 33 percent from 1982 through 1985 alone. The country needs to spend about 40 percent of the budget—roughly 600 million dollars—on defense each year. The bands have moreover destroyed, aside from industrial and agricultural facilities, some 4,600 schools and over 720 medical stations and clinics. Over 300,000 school-age children have been deprived of the chance of going to school, and over two million people of medical support.

The drop in income from exports has led to reductions in appropriations for imports and, consequently, reserves of consumer goods and the raw materials and spare parts essential to industry.

An especially difficult situation has taken shape with food. The overall need for grain in 1987, according to calculations, was 623,000 tons. That is twice as much as what the country had at its disposal, even taking imports into account. Today hunger is once again threatening over four million Mozambicans. In short, they will not be able to get by without imports of grain, and it will be that way, judging from everything, for many years. Mozambique is currently almost completely dependent on the voluntary donations and free assistance of international organizations. A conference of donors rendering aid to Mozambique was held in the latter days of April, 1988 in Maputo. The government received some 270 million dollars according to a resolution brought forth at the conference.

The acute shortage of food and goods of primary necessity has led to growth in speculation, the flourishing of the black market and the devaluation of the national unit of currency. The peasants, who cannot really buy anything in the stores, have stopped selling their output. A vicious circle has arisen, in the acknowledgment of Minister of Trade Aranda da Silva, where there is no produce, since there are no consumer goods that could be offered to the farmers, and there are no consumer goods, because there is no produce.

Under these conditions, the government has undertaken first and foremost to try to breath life into agriculture, encouraging the creation of cooperatives for the production of meat, fruits and vegetables around the major cities. Price controls were abolished on a number of basic food products in May of 1985. The city markets were transformed literally overnight. The central market in Maputo also came back to life. In place of empty shelves, there were piles of fruits and vegetables, less of fish, it is true, and meat and poultry were still a rarity. The vendors were appreciably more cheerful: the hope of getting at least a little something has appeared.

Many could not afford the prices, of course, and there were considerably more sellers than buyers. They were asking 100 meticals for a kilo of sweet potatoes, 200 for mangoes, and 300 for lettuce or tomatoes. Cocoa nuts cost 100 meticals, and papaya fruit was 200, while a bunch of 12 bananas was 350-400. A tin beer can filled with dried fish was 100 meticals. And the average worker's wages are three thousand meticals a month...

"We had bananas for sale before too," acknowledges one of the vendors, alongside of whom was lying a small mountain of fruits. "But the state prices were so low that it was not worth working and bringing them here. Sometimes we sold them at our own prices. But often we simply threw out the fruits and vegetables."

The decision to institute free pricing in the market provided an incentive and resurrected the vested interest of the peasants in agricultural labor. There are now some 180 cooperatives in the Maputo "green zone" today, and the total number of members is over 10,200 people. The level of development of practically all the cooperatives is extremely low, which is a consequence of backward methods of working the land and an acute lack of modern agricultural implements.

The collective forms of labor suit many peasants. Half the day they are engaged in social labor, and the other half on their own private plot, the "*shambe*," the average size of which does not exceed 0.25 hectares. There is a direct advantage to the state as well: they take from the cooperatives about half of the meat output they produce to pay off their loans, while the remaining portion is distributed among the members of the cooperative.

Increasing the production of food products and lifting up agriculture overall is a task of paramount importance. The political and economic situation in the country, the degree of the people's trust in the government and its faith in the ability of the authorities to lead the country all depend on solving it. Hopes for the resolution of this task had been placed on the organization of state farms. There were being created either on the site of nationalized Portuguese plantations or on empty lands. Only a small portion of the state farms are active today, however: some have been broken up, while others have been shut down or completely dissolved as unprofitable.

The creation of state farms, as is also well known from our own experience, is a difficult matter requiring time, economic knowledge, a regard for peasant psychology and sufficient persistence. The successful examples in Mozambique are well known—the Matama state farm near the city of Lichinga, for example, or the agro-industrial complex in Luabo for sugar production. The Luabo enterprise, which employs 12,000 people, refined about 200 tons per hour of sugar cane, in which some 10,000 hectares are planted. True, the frequent raids of RENAMO bands of late have had an appreciable effect on its operations.

Work has also begun successfully at three cotton farms in the province of Nampula. Uzbeki specialists had incorporated a machine method of planting cotton here. In a few years their harvests were about 70 percent of the gross harvest of raw cotton across the country. This indicator looks far more modest in absolute figures, however: the production of cotton has fallen sharply in recent times compared to the first years of independence as the result of drought and the actions of the bands. Work has unfortunately had to be practically curtailed at these state farms due to the sharply worsened problem of security there.

The principal misfortune of many state farms is an acute lack of engineers, mechanics, technicians, agronomists, economists and administrators. These are, as they say, objective difficulties. But perhaps no less of a role in the fact that they have suffered failure has been played by the alienation between state farms and the peasants and, sometimes, apparently, the direct intention to set them against each other.

An analysis of these relations seems extremely important, since a similar problem is characteristic of the majority of the countries of Africa as well as Mozambique that have selected the future construction of socialism as their aim. The age-old fear of rendering support to the family sector, or, in other words, the individual peasant farmer, due to the fact that it supposedly undermines the foundations of the socialist order at the very first stage is, as experience testifies, serving them poorly.

In Mozambique, as in many of the countries of Africa, the family sector provides an overwhelming portion of agricultural output, and first and foremost foodstuffs. In this situation, it would be best to assist the peasant with seed grain, the simplest implements of labor and some advice—then the peasants would see in the state farms an ally and helper rather than a competitor ready to smother him. And then the peasant would become an ally of the state farm and would join it voluntarily. The barrier that has been erected between them, especially under the extreme conditions of the cruelest drought and raging of the bandits, has not given them an opportunity to uplift either the peasant or the state farms, which are sometimes without manpower.

The Western powers have not failed to make use of these blunders. Realizing that Mozambique, suffering severe difficulties, is ready to accept aid in any form and from various countries, they have begun giving it this aid, far from always prosecuting altruistic aims. A considerable portion of U.S. assistance, for example, is designated for the private and family sector—apparently in the secret hope of countering the state and cooperative sector with them. "The major portion of the U.S. aid to Mozambique," acknowledges the WASHINGTON POST, "goes to the private sector. The United States is aiding roughly 300 farms, of which only 25-30 of which are African and the rest, Portuguese."

The International Finance Corporation, an organ of the World Bank, has granted Mozambique a loan of 2.5 million dollars for... financing a project to transfer state farms into private hands. This project envisages the creation of a company for the assimilation of 6,200 hectares of land in three different provinces of the country. The greater portion of its stock will be the property of the British Lonrho Corporation, which is investing three million dollars in this project. It must be said that Lonrho, striving to conquer the Mozambique market, created a combined company for the production of cotton in the province of Sofala in 1985, as well as organizing the production of rice through the family sector in the Shokwe region. This fact could be welcomed in and of itself. The question arises, however: how will Lonrho be able to increase its production where specialists from other countries have been forced to curtail their work due to the actions of RENAMO? Is there tacit coordination between the corporations and RENAMO, apparently recognizing a commonality of ultimate aim—not permitting a progressive system of economic operation to be affirmed in Mozambique?

The Frelimo Party and the government, in order to surmount the severe crisis, have developed a Program of Economic Rehabilitation that was approved by the Popular Assembly in January of 1987. Its immediate aim is to put an end to economic decline and provide the country with the 1981 level of production, the best year for the Mozambique economy since the winning of independence, by 1990.

A constituent element of the rehabilitation program is encouraging private investors of capital. Steps to combat unprofitable state enterprises have been devised. Order has been instilled in the system of taxation. The state will set prices for agricultural crops as before.

Six months after the program was put into implementation, they were able to halt recessionary trends in the country. The volume of industrial production, for example, increased by 34 percent over that time. The projected income level for the state was exceeded, while expenses did not go beyond the bounds envisaged by the budget. Appreciable progress was achieved in the fight against speculation, although they have not yet been able to put an end to this social evil.

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People's Republic of Mozambique President J. Chissano, speaking at a plenum of the Frelimo Party Central Committee that was held at the end of July of this year, noted that it is not in the interests of the republic to depend on foreign aid forever. Close coordination between the program of extraordinary aid and the programs of economic rehabilitation and development is essential.

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**Difficulties in Meeting Export Plan Cited**  
*18250120 Moscow PRAVITELSTVENNY VESTNIK*  
*in Russian No 4, Feb 89 p 11*

[Article by V. Grinev, sector first deputy chief in the State Foreign Trade Commission under the USSR Council of Ministers, doctor of economic sciences: "Exports: The Plan and the Reality"]

[Text] We have grown accustomed to thinking that foreign trade will undoubtedly accelerate development in the national economy, help in retooling various sectors with advanced technologies and creating new production facilities, and saturate the market with consumer goods. Accordingly, the conclusion drawn at a recent session of the USSR Council of Ministers will be unexpected for many people: growing difficulties in foreign economic activity have become one of the main reasons hampering the normal development of the Soviet economy.

A meeting that took place on 4 February 1989 in the USSR Council of Ministers was devoted to an analysis of the prevailing situation and defining and seeking out effective ways to deal with the difficulties that have arisen. Those attending the meeting included official representatives of USSR ministries and departments, the councils of ministries of the union republics, and the Moscow and Leningrad gorispolkoms, and the leaders of business cooperation associations, foreign economic organizations and enterprises set up on USSR territory with the participation of foreign companies. Deputy chairman of the USSR Council of Ministers and chairman of the State Foreign Economic Commission, V.M. Kamentsev, presented the report.

In recent years a complicated and generally unfavorable situation has been created for us in the world market. Prices for the main kinds of fuels and raw materials have become unstable and fallen, and protectionist trends have become stronger in western countries. This has all affected the volume of foreign trade turnover. In current prices it fell from R142 billion in 1985 to R131 billion in 1986 and R129 billion in 1987. Last year brought a slight increase in trade turnover, which totaled R132 billion.

Of course, falling prices for oil and petrochemicals, gas and other raw materials have played a major role since they account for more than half of our exports. With regard to commodities that are more stable in the fluctuations of the world market, they still make up a very small part of exports. The share of machines and equipment in export deals fell to 11.7 percent in 1988 against 13.9 percent in 1985. And machines and technical items make up only 3 percent of deliveries made to the developed capitalist states!

All in all, as before our industry is still producing aircraft, cars, tractors and agricultural machinery that in terms of their technical and economic features differ little from models of earlier years and are significantly

below the level of similar foreign products. Here is eloquent confirmation of their poor quality: during the period 1986-1988 foreign companies made more than 1 million claims against us. It cost more than R104 million to satisfy those claims. Much output was returned for further work after its quality had been checked. In the third quarter of 1988 alone about 16 percent of equipment produced was returned for further work to be completed on it, and of this total, 20 percent was to the Ministry of Machine Tool and Tool Building Industry and 30 percent to the Ministry of Chemical and Petroleum Machine Building Industry. And the Ministry of Heavy and Transport Machine Building Novokramatorsk Machine Building Plant and the Tbilisi "Stankostroitel" Production Association got back absolutely every single item that came from their shops.

The many defects in machines and equipment already sent abroad must be corrected. They also include repainting and the replacement of assemblies and parts and other work to bring them up to scratch to meet purchasers' requirements. And for this it is necessary to send specialists abroad or hire foreign specialists. Let me cite just one example from established practice: expenditures for presale preparation of tractors amount to up to 90 percent of the contract price.

We might add to what has been said the some ministries are not only failing to increase the output of goods for export but are not even reaching plan targets. Over the past 3 years all ministries in the machinebuilding complex except for the Ministry of Instrument Making, Automation Equipment and Control Systems have failed to meet plans for the sale of products for freely convertible currency. They had a sales shortfall of R473 million.

In 1988 targets were not met for export deliveries of the most important raw materials products.

The start of this year provides no grounds for rejoicing. Groundwork done to meet targets in 1989 is a cause of serious concern. By the beginning of January the USSR Ministry of Foreign Economic Relations had contracts providing for the export of various products at only 70 percent of the planned volume, including only 65 percent for foreign exchange; for ministries in the industrial complex the figures were 60 percent and 36 percent respectively. Results from this first month are not reassuring. Failures in the work are creating great stress in foreign exchange accounts.

Neither can the status of economic relations with the socialist countries be considered satisfactory. The new forms of cooperation are still failing to yield results. Direct links have become largely a means for the exchange of shortages. Saved fuel, raw materials, machines and equipment are bartered for consumer goods. And when this is done the sale is often effected at retail prices without corresponding payments into the state budget.

One of the most promising forms of entrepreneurship with foreign partners should be the creation of joint-venture enterprises. Many of them are already producing output. But many serious defects have also come to light in the process of organizing them. These include the superficial attitude toward selection of the foreign partner and the poor-quality work on the documents setting up the enterprises, particularly the technical and economic justification, and insufficiently deep preparations in matters concerning the marketing of products in the foreign market.

It must be said that in the approach of business circles in other countries to joint-venture cooperation we have seen an obvious trend toward the creation of enterprises that do not require any substantial capital investments. Thus, of 192 enterprises, 81 of them, or 42 percent, have startup funds of from R20,000 to R1 million (figures for the beginning of 1989).

The spread of enterprises by sector is causing a certain wariness. Only 47 have been set up in the machinebuilding, chemical and pulp and other complexes, or 24 percent, while in the engineering field, the provision of consulting and other services, programming and advertising, there are 101, or 53 percent.

It is quite clear that the present state of our foreign trade requires unremitting attention because no significant shifts have been seen in this sphere. In what ways can it be improved? The most important and effective ways have been named in a whole series of resolutions from the government, which is concerned constantly with foreign trade problems. If we were to characterize briefly the essence of the documents that have been adopted, then it amounts to a fundamental democratization of foreign economic links and the introduction of economic management methods in them. Qualitative changes have occurred not only in the system of planning indicators. Enterprises and ministries have been given the right to develop cooperation in the most diverse forms and fields and move out directly into the foreign market, have foreign exchange funds, buy and issue stocks and bonds and so forth. Training and retraining for managers have also been initiated. In short, perestroika has affected all aspects of foreign economic links and created the prerequisites for their further development and improvement.

So whence the present difficulties? How are our economic leaders complying with the basically correct decisions already made, designed to "clear the brush" from all the corners of the huge edifice of foreign economic links? Life shows that they are adopting only that part that enables them to resolve tasks themselves and form a monopoly for themselves, even if only a small one. In practice the export "pie" is being sliced up among the producers. And in many cases without the appearance of new products; which is leading to increased turnover costs.

Much has been said about the inadequate professional training being provided for people involved in foreign trade activity. Many examples of careless and unskilled exercise of rights to foreign economic activity have been cited: lack of agreement in the approach to the foreign market by some sellers offering the same product, persistent proposals for imports without considering the status of payment relations, nonequivalent exchange within the framework of over-the-border and off-shore trading...

In the opinion of those speaking one realistic way to improve the country's foreign exchange position is to switch individual sectors and enterprises to full foreign exchange self-financing, primarily by raising the normativ for deductions from foreign exchange earnings. It was also noted that it is essential to work more carefully on the financial aspect in organizing joint-venture enterprises, and there was talk of inadequacies in making foreign exchange credit available to sectors and enterprises.

The problem of quality in the information and consulting services was also raised. Thus, information obtained on market and price matters by no means always reflects realistically the situation in the market, while the cost of such services is excessively high.

The discussion showed the timeliness of the USSR Council of Ministers 2 December 1988 resolution (see PRAVITELSTVENNIY VESTNIK No 2). From this resolution there stems the requirement for an immediate solution to certain very important tasks, including the system for the recording and registration of exporters. The system should be simple and attractive. For example, it should offer advantages in advertising and in customs inspections to enterprises and cooperatives that have registered. It could provide answers for a multitude of questions from foreign partners interested in what firms have set up here, sales volumes, startup capital and so forth.

One of the most crucial factors in implementing the decisions that have been adopted is defining commodities whose export and import cannot be effected by enterprises and production cooperatives independently. The main thing here is to observe the national interests.

Among the difficult questions we also have that of defining the scale of customs duties. It is known that significant discrepancies exist in the proportions of domestic and foreign prices. They cannot be corrected by the exchange rate. Therefore, it is proposed that duty and a leveling tax be added to the import price, translated into the Soviet ruble at the official exchange rate; the size of the duty and tax should at least be in line with the turnover tax included in the retail price in the domestic tax. In this case the duty could be set at a level making it possible to negotiate with other states that are protecting their own domestic markets through customs regulation.



However, the main thing is with whom to trade? It is common knowledge that in October 1988 the CPSU Central Committee Politburo approved a strategy to develop the USSR's foreign economic links, a concept for their development with the CEMA member countries, and a program to expand the USSR's export base for the period through the year 2000.

Thus, strategy and tactics have been devised for transformations in the economic sphere, specific ways for this have been found, and the conditions necessary in order to solve the tasks have been created. Now it is up to our managers and all those who are engaged in foreign economic activity on a daily basis.

### Local Reaction to New Export, Tourism Regulations

18250099 Kiev PRAVDA UKRAINY in Russian  
8 Jan 89 p 1

[Interview with V. V. Mayor, chief of the Uzhgorod Customhouse; Lt Col I. I. Panyo, chief of the OVIR [Visas and Registration Department] of the Internal Affairs Administration of the Transcarpathian Oblast Ispolkom; I. V. Sidak, deputy manager of the VAOinturist [Inturist Joint Stock Company] Hotel "Zakarpate"; P. M. Balog, manager of the "Zakarpate" restaurant; and A. A. Baganich, an Inturist department chief, by PRAVDA UKRAINY correspondent A. Kuzma: "Abroad With a Television Set?"]

[Text] Transcarpathian Oblast—As already reported, the USSR Council of Ministers has approved a decree regulating the export of certain consumer goods. From 1 February this year until the end of next year, the following will be subject to the export ban: color and black-and-white television sets, home refrigerators and freezers, washing and sewing machines, children's clothing and children's footwear, ground and instant coffee, and sturgeon and salmon caviar. In addition, some of the commodities will be subject to a customs duty of from 20 to 100 percent of the goods' retail price. They include certain domestic appliances (vacuum cleaners, mixers, coffee grinders, irons, and so forth), home electronic equipment, cameras, and motor vehicle accessories and spare parts.

[Kuzma] What does the Uzhgorod Customhouse think about this?

[Mayor] Our employees control the export and import of commodities on the border with the CSSR. We have not taken special account of the commodities cited, but I can report that everything has been within the limits of what is standard. We have exported, as a minimum, three or four television sets a day. I want to add that large detachments of Czechoslovak construction and gas workers who have good earnings are in the Transcarpathian Oblast and other regions of the republic. In addition, the oblast has traditionally been linked by different

ties with the neighboring regions of the CSSR. Hence the lively tours and exchange of goods. But on the whole, everything has been normal.

[Kuzma] But what about other crossing control points?

[Mayor] I know, for example, that in Grodno they ship up to 100 color televisions a day at times. As you yourself know, they are not always for personal use. More often they are for resale or enrichment. And the law is aimed at such violators.

[Kuzma] How have your colleagues—the Czechoslovak customs officials—reacted to introduction of the new regulations by the Soviet Government?

[Mayor] "They approve of these actions, and consider them completely correct and timely."

In the office of Lt Col I. I. Panyo, chief of the Visas and Registration Department of the Internal Affairs Administration of the Transcarpathian Oblast Ispolkom, the discussion at first related to the trains crossing the border in both directions; the number of them has increased by three and one-half times as many lately. The overwhelming majority of tourists are leaving to see relatives and friends. However, there are quite a few who go abroad for selfish ends—they buy there and sell here, or vice versa. The new decree sifts out this category of person and removes the scum from tourism, Ivan Ivanovich believes.

"I also believe," he added, "that there is no need to go from one extreme to another in exchanging currency. Wouldn't it be better to carefully study the matter first, find out the public's opinion, and then make the decision? In the middle of the year, for example, the norm for exchanging currency for a person traveling to the CSSR was 1,350 rubles, but in December it was only 60 rubles. Where is the logic? The introduction of customs restrictions was announced in good time. I think the measure is temporary and forced, however. The domestic market cannot be saturated with electric appliances and other commodities by resorting to restrictions."

The same view is held by I. V. Sidak, deputy manager of the VAOinturist Hotel "Zakarpate."

"The restrictions are unlikely to help eliminate the shortage," he states. "I support economic methods to resolve such problems. Let the goods be exported, but raise the customs duty at the same time. Both the tourist and the state wins from this."

P. M. Balog, manager of the "Zakarpate" restaurant who was present during our discussion, expresses an opposite point of view. In his opinion, tourism should be just tourism.

"What kind of traveler is it that drags along a color television and a 'Raketa' vacuum cleaner with him?" he asks. "This is a 'merchant'."

"I have worked for a long time in the Inturist system," A. A. Baganich, a department chief, says. "and you see that a tourist wants not only to see the world, but to make some purchases as well. I do not see anything bad about this. When all this is within reasonable limits, of course. But here is a fact for you: not one Soviet group will leave for the CSSR from 1 January to 1 April 1989. But the demand has not lessened for trips to the GDR, where customs restrictions also have been introduced. Four groups (144 persons) will go there in the first quarter, and if it were possible, those who want to go would come up to no less. At the same time, 10 groups from the CSSR (each with 40 persons) canceled their trips to the USSR after the Czechoslovak authorities introduced restrictions on the export of different commodities from the country. That is one more fact for your consideration."

In summing up the results of the brief interview, we came to this conclusion: if there is a decline in the number of tourists coming to the Transcarpathian Oblast for a time, it will not be much of a decline and not for long, even if it is because these measures are temporary. Tourism is one of the main interests of the 20th century. Let us stress that it is an interest, which has nothing in common with "possession of things."

### Competition Among Soviet Organizations on World Market

18250096a Moscow SOTSIALISTICHESKAYA  
INDUSTRIYA in Russian 29 Jan 89 p 1

[Interview with T. Teodorovich, chief of the Foreign Economic Policy Consolidated Main Administration of the USSR Ministry of Foreign Economic Relations, by SOTSIALISTICHESKAYA INDUSTRIYA correspondent V. Prokhvatilov: "Only Honest Competition"]

[Text] At the beginning of last year the USSR Council of Ministers approved the decree "On further development of the foreign economic activity of state, cooperative, and other public enterprises, associations and organizations." It deals with the advisability of establishing different forms of foreign economic organizations on a voluntary basis: intersectorial associations, associations, consortiums, and trading houses. Why do we need such organizations? Our correspondent V. Prokhvatilov put this question to T. Teodorovich, chief of the Foreign Economic Policy Consolidated Main Administration of the Ministry of Foreign Economic Relations.

[Prokhvatilov] One of the objectives of such associations, the decree states, is to eliminate unwarranted competition among Soviet exporters. Doesn't this conflict with the policy of developing competitiveness adopted by our economy?

[Teodorovich] There is no question that there should be competition. But it must also be stimulated correctly. Alas, we do not always know how to do this, especially when it involves the international market. Strict laws and fully defined rules of the game apply here. For example, international law punishes those firms which operate with piratical methods by using dumping prices. They clamp down on them with the aid of economic sanctions, and sometimes even declare a boycott and "blacklist" them... Competition should be honest—this is a principle of international trade. This is one aspect of the matter.

On the other hand, we should prevent unhealthy competition among domestic producers. For example, the Ministry of Light Industry's enterprises are turning out products of one type in which certain quotas are allocated for the Soviet Union. If we let the matter take its course, it is quite possible that an unwarranted struggle for foreign markets may develop among them. And even the one that wins will find itself with profit that is far from the maximum that is possible. A new decision makes it possible, for example, to form a textile or knitted goods cartel under the Ministry of Light Industry within which the markets will be divided. The enterprise which can provide the best product quality and the best delivery conditions will receive the best order.

The organization of intersectorial associations is possible as well. Enterprises and ministries may also ask our ministry for assistance.

[Prokhvatilov] Well, what if they go out into the international market independently just the same?

[Teodorovich] For goodness' sake, but within the framework of those international rules which I mentioned. Many enterprises are prepared to make use of any means. But this is fraught with consequences. As an example, the "Dzintars" firm in Riga is prepared to export perfume at prices much lower than world prices. This is an extremely risky plan. The Lancome [firm] can demand sanctions against a competitor that uses unfair methods.

Another trend is putting us on guard as well. Certain enterprises are approaching the conditions for import deliveries very uncritically. For example, last year a considerable quantity of potatoes was purchased in Poland because of the poor crop. The centralized purchase was made through our ministry at one price per kilogram. But the purchases through direct contacts were four times more expensive.

The organization of foreign economic associations is a voluntary matter, of course. But the international market does not forgive mistakes and punishes for unfair activity. We must operate on a high professional and ethical level here.

### Competitiveness of Soviet Machinebuilding on World Market

18250101 Moscow SOTSIALISTICHESKAYA  
INDUSTRIYA in Russian 28 Feb 89 p 2

[Comments on competitiveness of Soviet machine building by readers S. Yelekoyev, A. Pentelin, M. Gelvanovskiy, L. Artsishevskiy, V. Mashtabey, and Yu. Naydo, candidates of economic sciences; P. Zavyalov, doctor of economic sciences; Yu. Vasilchuk, doctor of philosophical sciences; A. Samsonov, general manager of the "First Moscow Clock Plant" Production Association; and N. Smelyakov, with editorial staff remarks by I. Klimenko: "Competitors Are Needed!"]

[Text] For more than 6 months SOTSIALISTICHESKAYA INDUSTRIYA studied the problem of why V. Kabaidze has so few followers. We planned to complete the action in a "roundtable" after inviting economists, scientists, and production workers to the editorial staff... But we in turn received an invitation to a meeting of the Scientific Council of the USSR Academy of Sciences in which the problems of the competitiveness of Soviet machine building were examined. In a word, the objectives of the editorial staff and the academy coincided, inasmuch as the merit of the Ivanovo workers is not simply that they make machine tools that are up to the world standard. The main point is that they are producing machine tools that are competitive in the world market. Precisely that they are producing them! We do not share the opinion of those readers who reproach the Ivanovo workers for utilizing imported units of equipment. "If they cut off the imports of ChPU [numerical control] systems tomorrow it will be the end for the plant, its reputation and experience," maintains Ivanovo worker K. Belov. Such fears and reproaches are from yesterday, when we were oriented only toward our own forces and domestic resources alone. Today we have other guideposts.

"Yes, V. Kabaidze is living on imported sets of equipment," said one of the speakers at the Scientific Council meeting, as if to respond to a reader, "and that is not bad. It is normal. Until we have our own..." "It is altogether normal," Academician A. Aganbegyan stated more precisely. "Regardless if we have them or not"...

So what do the specialists think about the competitiveness of domestic machine building?

#### Yelekoyev Remarks

In spite of the trade wars, internationalization of the market is under way in the world. Any national producer is confronted by the entire world. For us, the situation is aggravated by the fact that new industrial countries have entered the markets. They took the advantage away from us with cheap labor. With advanced technologies and a high level of organization and quality of work, they have a cheap labor force as before.

The main reason that we lag behind is the complete monopoly of producers. There are no incentives or pressure—internal or external—to develop business competition. Our imports are supplemental, they fill a gap, but they are by no means substitutes, and they do not compete. There is hope for the cooperative and leasing movement, but this is still a drop in the ocean. Access to our domestic market is possible for foreign competitors through mixed enterprises and joint ventures. A market is very necessary.

We are investing about 10 times less than the Americans in scientific research and experimental design operations. Hence the weakness of the base and the meager staffing. The designer's prestige has declined; the wages are poor, and many design collectives are uninspired for that reason. Talented and extraordinary persons have no respect for the administration. They do not trust it. But after all, there will be no progress without this. There will be none until persons capable of giving something new are provided with the conditions for creativity. This is something that does not require large capital investments.

In the West, the process of developing a product is separated from the process of introducing it. Unless we separate them, we will be wandering about this way.

But in order to produce a good commodity, we must also have good equipment. The stock of machine tools in each country depends on the consumer's needs. If he does not require product quality, finishing machines are not necessary. The stock reflects the state of affairs. In the United States every third machine tool is a finishing machine, a precision machine tool. For us, this is every eighth machine tool; we must draw conclusions from this.

But in the opinion of Western specialists, only one-fifth of a product's competitiveness depends on technological factors, while four-fifths of its competitiveness (!) depends on production organization. It is precisely for this reason that Western firms have decentralized management. Hence the delegation of rights and responsibilities downward and the rearrangement of personnel when a designer is sometimes assigned as a production engineer and sometimes as a marketing specialist so that he knows how to avoid a design error. What we are now trying to do through the labor collective councils exists in the West as well. The workers there feel involved in the firm's business, and their opinion is sounded out by management. There are also cost accounting relationships between subunits there. We have a chain of command. As long as not even a minister is independent, we cannot speak about full cost accounting and self-financing. But it is very important to realize today that we will not go far without economic levers and the help of some orders and decrees.

Experience in the new industrial countries shows that one of the main prerequisites for success in foreign trade activity is a firm's economic incentive to export. Exporters hold a privileged position there. They are granted credits on favorable terms, they have insurance against currency and commercial risks, and substantial allowances in the payment of taxes and preferences for transportation and energy have been introduced. Moreover, measures are in effect which compel them economically to export. For example, in South Korea, exports are the condition for a company's access to credits. Foreign exchange for imports is provided only to those firms which earn it in full or in part. A purposeful policy of encouraging domestic competition is conducted in these countries, and the most progressive production facilities, the so-called export vanguard, are selected and actively supported. And the vanguard, in turn, pulls the other associated industries up to the world standard. We are always trying to find key units in the national economy and bring them up to the world level. There aren't any. Whatever we take, there are always associated, interrelated industries. We cannot bring the automotive industry up to the world level without bringing up the chemical industry, metallurgy...

Special programs have to be worked out to expand the number of producers of monopolized output and to provide incentive for competition. I think we must allocate credits and resources in such a way that concentrated support is provided for the most promising and competitive enterprises by denying support for unprofitable production facilities. The granting of financial resources to enterprises must be strictly coordinated with their export achievements. It is also advisable to make the salaries of the ministries' staffs dependent on the increase in foreign exchange receipts in the sectors under their jurisdiction.

#### **Pentelin Remarks**

This is the tendency today in the press and official circles: since we must provide for a high scientific and technical level, let us take the United States, Japan, and the FRG as a point of reference right away. We are deliberately narrowing a vast number of markets down to a few. But after all, we are not provided with foreign exchange just by the United States, just by the FRG, or just by Japan. This is a hypothetical model—collect all the similar items with the highest indicators from various countries and try to bring our model into conformity with them. We will never accomplish this! Today we must talk not about a foreign world market, but about competitiveness of goods in the world market.

#### **Zavyalov Remarks**

We need to extend the international division of labor. Everyone recognizes this. Many documents have been adopted on this problem. But in practice we are slipping toward autarky all the time. We are always trying to turn

out the full range of the world's products. This has also led to shortages in the economy, corruptness in industry, an undemanding domestic market, and weakness in exports.

#### **Smelyakov Comment**

Competitiveness involves not only commodities, but the economy of states as a whole, the export potential, and personnel first of all. As the French economists say, in order to calculate competitiveness on a scientific basis, 297 criteria, including data on the scientific and technical level, are required. Science is necessary for this. No one is objecting to this. But we do not have science of this sort.

Without competitiveness we are not in a position to be among those countries that collaborate with each other. We have no division of machine building which is at the level needed to meet the requirements of the world market. There are innumerable examples. Take agricultural machine building. This sector has vast potential. But the only thing that makes an impression in this sector is the production volume. We turn out more tractors and combines than any country in the world—twice as many as the United States. The "Zetor" tractor is made in Czechoslovakia at a very small plant which is equipped no better than our MTZ [Minsk Tractor Plant]. I have been at both of them. But while we are selling 200 Minsk tractors in any specific capitalist market, let us say, no less than 1,000 "Zetor" tractors are being sold there.

An industrial tractor has been developed for 20 years, but there is no machine that is competitive. As long ago as 1973, when I was at Caterpillar, I received written consent to sell us a license for their tractor. But the Ministry of Tractor and Agricultural Machine Building at that time declined. We do not want to learn from the capitalists. We do not want to buy licenses...

Or take diesels. One sad story comes to mind. Some time ago we transferred two complete sets of farm equipment—tractors, combines, and so forth—to one of the countries. Including five "ZIL-130" vehicles each. The farmers took the tractors, seeders, and the other equipment and thanked us, but they refused the motor vehicles... They said that they would burn out in 6 months.

The diesel of today is not a tribute to style, it is economy. Nearly 2 million passenger cars with diesel engines were sold in Europe in 1987: 559,000 in the FRG, 485,000 in Italy, 384,000 in France... But we do not have such an engine to this day. The story of diesels for passenger cars is not just stagnation, it's simply stupor.

Only a small proportion of domestic trucks are equipped with diesel engines. This problem does not exist in the West. In the FRG, for example, I saw three brands of engines—two gasoline and one diesel—on an assembly

line. And it is not necessary to build gigantic new plants with billions in capital investments. GAZ [Gorkiy Motor Vehicle Plant] is manufacturing a giant with a diesel at a cost of hundreds of millions, and the same applies to the ZIL [Moscow Motor Vehicle Plant imeni I. A. Likhachev]. Or take the KamAZ [Kama Motor Vehicle Plant]. There is a diesel there. But there has not been a case yet where a capitalist has bought this vehicle. The vehicle is heavy and inefficient. Moreover, world demand for this class of vehicle is about 38,000 annually, but we are turning out 150,000! And at the same time, there are no trucks at all in the range up to 2 tons, for which we have a critical need, including for export...

What is the reason for the low competitiveness? Obviously, industry's lack of preparedness. There is an unobjective assessment by departments of the actual state of affairs. It is asked how a plant can operate successfully if it incorrectly visualizes where it is located. The unobjective assessment continues to this day.

I would like to remind you that the 1-10-100 formula operates in the United States and other developed countries. This means that if a dollar is spent on basic research, 10 are earmarked for NIOKR [scientific research and experimental design work] and 100 dollars are spent on introducing a product. We will not be able to do anything without such a correlation. With any kind of enthusiasm.

On the question of quality. No control will increase it, including state acceptance in any form. This must involve production principles. We have been carried away by quantity to the detriment of quality. What do the Japanese say in this regard? The first objective is quality, and profit will come by itself.

#### Naydo Remarks

An unexpected indicator such as kilogram prices for a product (price by weight) provides serious information for consideration. Let us compare with the United States. Let us take drill presses and pressing equipment. These prices are considerably higher there than they are here—10 times higher! Prices are 65 times higher for metallurgical equipment, 14 times higher for electrical machinery, and twice as high for excavators. On the average, their kilogram prices for machine building products are five times higher than ours. A great deal is reflected in these indicators. Including the technical level, the quality, and the science-intensiveness...

Our enterprises are not interested in increasing product quality. Scarcity does not stimulate the economy. Hence the unnecessary costs. Even our accountability is not that at all. It has not provided incentive to increase quality, the technical level, and competitiveness as a whole. Solution of the competitiveness problem lies in implementation of economic reform.

#### Vasilchuk Comment

Competitiveness is a very complex problem. I will try to name what in my view are the three main questions and show that they have not been fundamentally resolved. I thought of substantiating the ways to resolve them today, but I will leave this for the next time.

**From the editorial staff:** At this point, A. Aganbegyan, serving as chairman, retorted: "You are beginning with the ways. But then we are strong in criticism..." To which Yu. Vasilchuk responded: "No, you are not strong in criticism... The one who is strong in criticism is the one who sees an alternative. If an alternative has not been traced, the criticism will not be strong. It will always be thrown off by details." His statement followed.

The first question, which was not traced. Everyone sees that the economic mechanism is not working. Shortages are increasing. Demand is endless. We can produce as much as we like, but it will not be enough. The shortages are getting out of hand. I have not heard or read one complete answer anywhere on how to resolve this problem. Everyone thinks that it will be resolved by itself in time. Nothing of the sort.

The second problem is the system of management and the relationship of property. Everyone criticizes administrative and command methods. Yes, there are shortcomings. We can cite as many as we want. What kind of alternative is there? Is there one? I venture to say that there is no alternative in a common form. And finally, the role of the economic manager, the individual, the person in the management mechanism. After all, how is it in the West? One person says: I can sell so much at such a price! Another says: I'll buy. And that's all! Nothing needs to be signed or coordinated. If a person has given his word, he is responsible for it. We have no one who can make a decision independently. That's the role of personality for you!

One needs to be able to take a risk, to have the right to take a risk, in the modern world. If we select grand masters in chess through a questionnaire, we will not have any world champions. And economic activity is an area in which a person's creative abilities are applied; here, as in chess, the selection of persons should be based on their creative powers.

#### Samsonov Comments

We are exporting more than four-fifths of our output. Basically to capitalist countries. The discussion about increasing the competitiveness of our products must be begun with the specialists. The specialists should know the market. We do not know it. All restrictions should be removed so that specialists can go abroad to study this problem. In general, everything depends on the individual, on his attitude toward the work and his vocational level. As well as on work organization. Look at



how suddenly the members of cooperatives and leaseholders are forging ahead... What is happening? Why are the majority of state enterprises making no headway? What is changed when the same enterprise takes on a lease? The collective? No. The fixed capital? No. The manager? Also no. Then what? The psychology is changed. The person has become an owner, and he has been given a guarantee that they will take nothing away from him.

The state enterprises are concealing resources. Because if I lay out everything today they will strip me tomorrow. Give me a guarantee that you will not interfere and I will work the best I can. We critically need this "best I can" today. Because in order to maintain our positions in the world market we will have to raise our labor productivity by at least 10 times as much over the next 3 years!

We have estimated that 100 million in foreign exchange will be needed for this. We are getting credit. But we also have a problem interwoven with the chemical industry and metallurgy...

It is impossible to exist today without the most extensive world cooperation. Why build a special production facility to turn out integrated circuits when foreign firms offer them to you for kopecks?! We should build an experimental production facility in order to move forward! More often than not, we are investing assets in what we can buy.

#### **Gelvanovskiy Remarks**

If an enterprise has the resource to increase labor productivity but it conceals it because "they will strip it" tomorrow, what kind of an economy is that?! An economic system in which everyone deceives each other and which nevertheless continues to function cannot be efficient and competitive. Hence the conclusion that we cannot apply ourselves to the details unless the fundamental questions have been resolved. And exports and technical level are a special question.

A question has been raised here: why do we need exports if we don't have enough of anything? That is, we should speak not only and not so much about the foreign market as about the domestic market. In the United States, for example, with their vast, large-capacity market, 70 percent of the goods and services come into competition with foreign goods and services. It is unimportant to the consumer whose commodity it is—Japanese, Hong Kong, or French; he selects what he needs. Nothing more. We need to develop a domestic market for that reason. This is the most basic one.

Everywhere imports are a competitive factor sufficient to force a producer to lower costs in order to survive. But what has taken place here? It has resulted in an import plague and weakened domestic enterprises, because the so-called parametric method of pricing is in effect here. The essence of it is that imports are given an enormous

price on the domestic market. No competition will take place here, naturally. We are living in a quasicommodity economy, which we are not able to realize, it seems.

#### **Artsishevskiy Remarks**

The entire point is that enterprises have not been cut off from the state budget. We have started on the path of economic reform, but it seems to me that we still fear to make the transition to a system where enterprises are completely cut off from state assistance. We will make the transition in stages, they say. But that is just the same as shifting in stages from left-hand to right-hand traffic—first shift the trucks, then the cars... It is well known that units and components make up half of the West's foreign trade. We should also orient ourselves toward this figure. Let us say that we conclude an agreement for the purchase of equipment, but we stipulate the conditions—half of the units and components will be ours. Don't you agree? There are always competitors that will meet our conditions.

#### **Mashtabey Comment**

What is hindering us? The lack of information. No personnel. No computers. But we cannot make an assessment of competitiveness by hand, on our fingers. It is uninteresting and dull. But when one has a computer, the problem of access to international data bases arises. In the USSR, one can get connected with one data bank or another only through the Chamber of Commerce and Industry twice a week! That's disgraceful! And what can an enterprise, not to mention a sector, select for itself in 2 hours? We must resolve the problem of decentralized access to international sources of information for specific items, direct from the desks in enterprises.

For some reason we are fostering the idea in our enterprises that they are competing only with some firm. There is no such competition now in its pure form. In each case, we clash with the might of the entire state apparatus which supports the exporter firm. A strange situation has developed. The capitalist relies on the state's support, but our socialist businessmen turned out to be left to their own resources after acquiring independence. Exporters must be supported in every way possible.

#### **Editorial Staff Remarks**

Naturally, the dimensions of a newspaper page do not enable us to mention everything. We have singled out the main points. We hope that the information provided will make you think and critically evaluate your own contribution to the development of domestic machine building and each machine builder—from the worker to the minister. It is time to seriously concern ourselves with exports. Especially as beginning in April all enterprises, associations and production cooperatives will acquire the right to foreign economic activity. Well, if something

is an obstacle, write or telephone. Telephones are 257-25-15, 257-26-12, and 257-25-21, the machine building and new technology department.

### Protection of Industrial Secrets in Joint Ventures

18250085 Moscow KHOZYAYSTVO I PRAVO  
in Russian No 1, Jan 89 pp 58-64

[Article by V. Rubanov and Yu. Dmitriyev: "On the Question of Protecting 'Industrial Secrets' in Joint Enterprises"]

[Text] The decision of the Soviet government to develop international economic cooperation in the form of creating joint enterprises on USSR territory with participation of foreign capital was met in Western scientific and business circles with great interest and approval. The companies of the capitalist countries have already presented over 250 specific proposals on the organization of joint enterprises. Companies from Austria, Italy, Finland, France, Japan, the FRG, USA, and certain other states are expressing interest in developing new forms of cooperation in such fields as chemistry, machine tool making, wood processing, and the manufacture of consumer goods. The first joint enterprises have already been created.

At the same time, specialists in the field of international economic relations note that the interest which had flared in creating these "joint ventures" has somewhat waned at the present time. There is increased vacillation and doubt as to the effectiveness of this form of industrial cooperation of capitalist firms with Soviet organizations. Although there have already been enough proposals presented on the part of the Western firms for creating joint enterprises, the main group of potential USSR industrial partners is still taking a cautious, wait-and-see attitude. This is associated primarily with the absence of the necessary guarantees for maintaining favorable conditions for free enterprise activity. At the NATO conference of economic experts held in Ottawa (January 1987), during discussion of the Soviet conditions for creating "joint ventures", most of the participants came to the conclusion that these conditions have turned out to be significantly worse than was expected after the preliminary negotiations.

In order for the process of international production integration to take on a more large-scale character, it is necessary to give more consideration to all the wishes and claims expressed by the representatives of the Western side, to analyze them in-depth, and to make clear conclusions which will be of significant help in subsequent work.

An analysis of the materials presented in the press shows that the main content of the wishes and complaints of representatives of Western business circles as yet touches only upon the problems of a purely commercial nature, or the productive aspect of the joint enterprise activity.

We are speaking of determining the primary sales markets for the manufactured products and the possibilities of free transfer of the profits and conditions for ensuring the profitability of the joint production. Much has been said about the possibilities of independent activity, the character of the interactions with the controlling organizations, the stages of formulation and the sectorial orientation of the joint enterprises, as well as about the possibilities for maneuvering within the sphere of the labor wage and the make-up of the production and administrative personnel, the management principles, relations with Soviet sub-contractors, etc.

In spite of all the complexity and importance of these problems, the potential foreign partners of the Soviet organizations may have some fears associated with the absence of normative, organizational and material guarantees for maintaining certain other interests of the participants in the "joint ventures". For example, a rather current problem is the formulation of the question of guarantees for protecting objects of intellectual and industrial property of the foreign contractors contained in the technology which they are giving to the USSR.

Current technology is a rather valuable part of the assets of industrial companies, while production secrets at the present time are ever more often viewed as a basic property of the enterprise. Therefore, companies do not hand over their standard operation technologies to their partners, and do not make large investments in scientific-research and experimental design work if there are no reliable conditions and effective means for protecting the results of the research and the design developments.

Recently, in connection with the growth in the number of cases of misappropriation of confidential scientific and industrial information (including also in the private sector), there has been a noticeable intensification in the struggle against these phenomena. We may isolate two directions in this practice. One of them is the creation of the appropriate legal base for stopping industrial espionage. For example, many countries have made it a crime to obtain by illegal means or to publish industrial and business secrets. In this case, the legislator, striving to create reliable legal guarantees of protection, often proceeds from the fact that the protection of private interests and private business activity is at the same time the protection of state interests, and vice versa.

Another direction for intensifying the struggle against industrial espionage is the development and constant improvement by the enterprises of a private sector of forces and technical means of security services. Works are published which contain practical advice and theoretical developments on questions of effective protection of scientific and industrial secrets.

Under conditions of growing internationalization of economic life, within the governmental circles of the capitalist countries they justly believe that reliable protection of industrial secrets cannot be provided only

within the framework of individual countries without coordinated action at the international level. This forces many countries to follow the path of rapprochement of national legal and organizational mechanisms in the struggle with industrial espionage, extending to their unification. An example may be the development and adoption of the model law on the production of industrial and trade secrets developed and adopted by the European Council consultative assembly. The assembly participants recommended that this law be reviewed in the parliaments of their own countries and that the necessary efforts be made to include its principles in their national legislation.

The importance of this problem for the Soviet side is determined, in our opinion, by the fact that its solution will make it possible to manufacture at these joint enterprises technically complex products which are in demand on the world market. It is no secret that the capitalist firms at the present time prefer to manufacture such products only within their own countries or in cooperation with their capitalist partners, while supplying to the USSR and other socialist countries technology which is not the latest.

It is generally assumed that this is associated with the desire of the Western firms to adapt to the process of accelerating the "life cycle" of the product and to maximize the income from equipment which becomes quickly outdated, and also with the unwillingness to create potential competitors in the person of the joint enterprises. However, in spite of the significance of such motives, clearly we cannot overlook the fact that the transfer of modern technology to the USSR under conditions of an absence of developed and effective guarantees of protection of production secrets makes the joint enterprises a risky step for the Western companies.

The legal prerequisites for solving the problem of protecting "company" secrets in the USSR were created by the USSR Council of Ministers resolution No 49, dated 13 January 1987. It states that "the rights to industrial property belonging to joint enterprises are protected in accordance with Soviet legislation, including in the form of patents. The order of transferring rights to industrial property to a joint enterprise by its participants and by joint enterprises to their participants, as well as the commercial application of these rights and their protection abroad is defined by constitutional documents".

The substantiations presented above illuminate as the most important element of these constitutional documents not only the agreement on mutual protection of objects of author's and patent rights, but also the so-called "conditions of confidentiality", which entail the responsibilities of the contractors for keeping information secret. This includes information which comprises the object of intellectual property, as well as that which is not covered by any other form of protection. This applies

specifically to trade and other secrets contained in blueprints, instructional manuals, speeches, computer software, information systems, etc. Among the objects which are weakly protected by patents are also products of genetic engineering, chemical design, etc. Here we must emphasize that the knowledge and experience which is contained in various methodologies and other materials, or which is associated with a mastery of the means of chemical or biological production, usually significantly exceed the volume of information specified in a patent. Yet it is specifically this information that ensures the successful assimilation and application of a certain technology.

Unpatented technology as compared with patented is not necessarily distinguished by its innovation. However, its application in production, trade and management presupposes the inevitable gain of tangible benefits.

The practice of international cooperation associated with the transfer of unpatented scientific-technical information (of the "know-how" type) shows that the sense of "conditions of confidentiality" consists of the importer's giving the guarantee that he will not make public in any way the information which he is receiving (either verbally or by means of publication), and that he will not hand it over to a third party without the permission of the exporter. The normative provision of this guarantee is provided, specifically, by the principles often included in the contract regarding the responsibility of the importer to take necessary measures for the secret application of the information at his enterprises, and the right to hand it over only to personnel of its own enterprises or daughter companies or associated firms (subcontractors, sub-licensees, etc.), as well as to buyers in that volume which is necessary for the operation of the object. Contract assurance of such principles serves as the basis for holding the importer responsible in case of his violation of the contract agreements.

Thus, concluding agreements on industrial cooperation (including also on the creation of joint enterprises) associated with the transfer of foreign technological and other information under conditions of confidentiality presupposes the need for the side receiving the information to take specific measures to ensure its confidentiality. These measures include the appropriate marking of documents and products containing "know-how" and trade secrets, control over introduced regimens, etc. We are thus speaking of planning and implementing a set of regimen-secret measures at the joint enterprise which owns the intellectual property.

In analyzing the situation, at first glance it would seem that problems do not arise. The Soviet foreign trade organizations have certain experience in this sphere. Thus, in accordance with the order in effect in a number of the USSR departments, documents (products) marked "confidential" which are obtained from a foreign supplier or which are given to the Soviet side during talks

are subject to registration as secret documents. However, in this case we are speaking of the contact of a foreign company with a state organ (or with an enterprise which represents the interests of the state).

In the case of creating joint enterprises, however, the economic-legal prerequisites for ensuring the conditions of confidentiality change in principle. In accordance with the above-mentioned government resolution, foreign companies hand over such property rights as the right to use inventions and technological knowledge not to a Soviet organization participating in the joint enterprise, but to the joint enterprise itself. Handing over property rights is done by means of contributions of the parties to the charter fund of the joint enterprise. In this case, the Soviet state and the participants in the joint enterprise are not answerable for these responsibilities.

Thus, as a result of the transfer by one party or another of technology which must be protected into the fund of the joint enterprise, this technology then becomes part of the intellectual property and ownership rights of the "joint ventures" as a qualitatively new legal personage, and the object of ownership, use, and discretion of a Soviet organization held in common with a foreign firm. Consequently, all the procedures associated with establishing and maintaining conditions of secrecy at a joint enterprise are the exclusive prerogative of this enterprise. Evidently, the adherence to conditions of confidentiality serves here not as a procedure for the joint enterprise's fulfilling the requirements of conditions of state secrecy in effect on the USSR territory, but rather as a method of ensuring the rights of ownership, use and application of its intellectual property held by the "joint ventures". Thus, the regimen of secrecy introduced at the joint enterprise for protecting the scientific-technical information and documents which are introduced by the parties into the charter fund or produced by them in the process of joint activity, stands out as a significantly important right of the "joint ventures". It is recognized abroad and is known as the right of "industrial secrecy".

The distinction between industrial secrecy and state secrecy is associated primarily with the subject of establishing and maintaining the appropriate administrative-legal conditions, constructing and ensuring the functioning of the organizational mechanism for isolating and marking the vehicles of secret information, defining the order of access to it, the conditions for its use and dissemination, etc. And although in their external functional-procedural aspect these conditions may coincide, in their essence they are principally different. In this connection, the right of joint enterprises to industrial property and its protection "in accordance with Soviet legislation" as guaranteed by resolution No 49 of the USSR Council of Ministers presupposes certain improvement in Soviet legislation. This must find its expression in the act of recognizing the rights of the joint enterprises to "industrial secrecy". Instituting such a method of ownership, use and application of intellectual property has, as we believe, an interpretation which goes

far beyond the boundaries of a utilitarian approach to the formulation and solution of the problem, and is associated with the development of current theoretical-economic and theoretical-legal conceptions.

The theoretical and practical consequences of flat and one-sided notions about people's ownership as realized exclusively in the form of state ownership are generally known. Even the fact of existence of only one form of protecting secrecy in our country—i.e., state secrecy—is a reflection of the long-ago formulated concepts of socialist ownership, and even of the very practice of economic construction in the USSR and its legal and organizational provision.

The socialist state plays a dual role in relation to public ownership: it represents all of society as the direct owner of the country's national wealth; it fulfills the functions of organization of political power of the workers (management, legal protection, defense, etc.), for whose realization certain material resources are necessary. The USSR Law on the State Enterprise in fact acknowledges also the enterprise labor collective as the secondary owner (owner, user and manager). Therefore, in regard to that part of the public ownership which is isolated for the realization of the functions of the state and the enterprise, they act as equal "secondary owners" and may interact in this role only as partners. [1] This, of course, extends also to such a specific case of management by the "secondary owner" of that part of the public wealth which is realized in the form of investments in joint enterprises. It seems that if this theoretical position has not found its direct legal affirmation in the Law on the State Enterprise (or in the resolutions of the USSR Council of Ministers), it arises in any case as a logical consequence of the principles of normative statutes, in accordance with which the responsibility of the state and the enterprise is separated.

In this connection, "state secrecy" and "industrial secrecy" are equivalent in regard to public property, while the subjects of establishing and maintaining the appropriate conditions of secrecy are legal personages who are responsible for honoring each other's "sovereignty" in the spheres defined by their property rights. As for technical means of realizing the procedures of classifying, protecting and declassifying information, they may coincide to a significant degree, nevertheless expressing different essence.

However, this does not mean that the state can be totally indifferent to the problem of industrial secrets of joint enterprises. As was shown above, the Soviet state acts as the guarantor for protecting the rights of intellectual property of the joint enterprises.

The legal affirmation of the right of joint enterprises to "industrial secrecy" requires that normative guarantees for the realization of this right be established in the civil, economic and criminal legislation. [2] Undoubtedly, the problem of ensuring conditions of secrecy at the joint



enterprise must be presented and solved by its founders themselves, and at the expense of their own personnel, material, financial and organizational-management resources. Yet it is clear that not all founders will have the capacities necessary for this: the experience in organizing classified operations, the specially trained personnel, the means of special material-technical provision of conditions of secrecy, etc. The Soviet state in the person of its organs, we believe, must give help to those who need it in this respect. The solution of all organizational questions associated with this activity should most expediently be placed upon the State Foreign Economic Relations Commission of the USSR Council of Ministers, which coordinates and controls the work of the ministries, departments and organizations and their implementation of trade-economic, currency- finance, and scientific-technical ties with foreign countries. Moreover, the problem arises of effectively preventing violations in the sphere of protecting the intellectual property of joint enterprises, conducting investigations on cases of leaks in secret information from these enterprises, etc.

A sufficient degree of specificity of the above-named problems makes the development of questions on organizational guarantees for protecting the intellectual property of joint enterprises a current problem, on par with the problems of developing legislation.

#### Footnotes

1. Cf.: Public and state ownership. *KOMMUNIST*, 1987, No 18, p 77-78.

2. We believe that misappropriation of intellectual property of joint enterprises must in a number of cases be prevented also by criminal law, prosecuted as a criminal offense, and be broadly based on the material and administrative responsibility of the violators of the appropriate legislative regime.

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#### Foreign Credit Policy Discussed

##### Large Debts Discouraged

18200253a Moscow *POLITICHESKOYE OBRAZOVANIYE* in Russian No 1, Jan 89 pp 51-54

[Article by Candidate of Economic Sciences V. Simonov: "Advances' on the Debt"]

[Text] The Soviet economy is once again facing a task familiar to a degree from the 1920's and 1930's. The levels of economic development and social relations are incomparable, but the heart of the issue—the need to carry out a profound modernization of industrial and agricultural production, a new industrialization of sorts (based on the contemporary stage of scientific-technical advancement—makes it possible to use this analogy.

"Where to get the money for perestroika" is one of the main issues of concern for leading Soviet economists. The array of means offered is rather extensive, beginning with the most traditional ones (for example, to shift a greater proportion of expenditures to the consumer through a price reform, which they are trying to substitute for the reform of price setting proposed by the 27th Congress of the party) and through the most unexpected ones.

Among the latter group, proposals by N.P. Shmelev stand out particularly.<sup>1</sup>

Expanding the sphere of operation of the internal credit system and creating a domestic credit market is the first avenue suggested by N.P. Shmelev.

Tapping the international credit market is the second avenue. As N. Shmelev believes, we should obtain loans in the amount of several dozen billion dollars. These loans have to be long-term; their repayment is expected to begin 5 to 7 years after they are used. The funds borrowed in the foreign market should be allocated for purchasing abroad industrial equipment in order to set up production for exports (primarily "in machinebuilding and other promising industries") which will be used to pay back the loans.

One cannot disagree with the author in that these sources of financing for our economy are new and unconventional. This is exactly the reason why I would like to look at them in detail. Is everything that is new necessarily optimal?

First, let us go 7 decades back. As one of the renowned economists of this time, N.D. Kondratyev, wrote, the main issue is "which economic task do we make the cornerstone of our economic policy: the task of a better distribution of the product, the task of a consumer nature, or the task of developing productive forces." (*VESTNIK SELSKOKHOZYAYSTVENNOY KOOPE-RATSII*, 1919, Nos 3-4, p. 5).

On the eve of the 1920's, this question was real, and not only in the aspect of "war communism." Nor was it rhetorical in the years of the "new economic policy." In the 1920's, the consensus among a considerable segment of theoreticians and practitioners was that industrialization should be financed, firstly, with the moneys accumulated by industry itself (due to the development of production of consumer staples, the regimen of savings, growth of labor productivity, and so forth). The second source, agriculture, was treated not in the customary way of "siphoning off" the funds, but as the base for export proceeds; hence, the task was to promote the expansion of export-oriented production in the agrarian sphere, on the basis of kolkhozes and sovkhozes, as well as cooperative associations, and of primary production as well as that processed in the same cooperatives. Foreign loans



were considered to be the third most significant source of funds for industrialization. It was expected to use them for purchasing machinery and equipment for production purchases.

This was the main line as late as the beginning of the 1920's. However, as many people saw it, it did not provide for a shock pace of development. The priority was shifted to the sphere of distributing and redistributing the surplus, and, in part, the necessary product through a system of prices, taxes, (in)voluntary bond purchases, hopeless (as far as the prospects of repayment were concerned) loans, and so forth.

It would seem that the beginning of perestroika should spell the end of the "redistributive" concept of accumulation based on a broad system of subsidies, on receiving the essentially unearned funds. Is this the direction of measures proposed by N. Shmelev? Foreign loans first of all? Undoubtedly, the funds borrowed in the international credit market or within the framework of international financial and credit organizations (e.g., the International Monetary Fund) should be allocated to the sphere of production. However, what kind of production is it going to be? Is it going to be only export-oriented, as N.P. Shmelev proposes?

For example, the experience of developing countries shows that the dominance of export orientation is not necessarily in line with the needs of the national economy. In addition, imports of foreign equipment and technological processes occasionally entail negative consequences as well, e.g., the so-called "technological dependence" on the seller of the equipment. In this event, any variant of modernizing production means almost automatically that new foreign financing needs to be arranged. Meanwhile, the issue of modernization is quite acute in an environment of the scientific-technical revolution which has considerably reduced the deadlines for obsolescence of machinery and technologies.

In turn, turning out tons after tons of products (especially in machinebuilding) which are not competitive and later have to be sold almost "as a bonus [with something else]" even in the domestic market amounts to nothing else but squandering the loans.

In the event the foreign markets are closed the cutoff of hard-currency proceeds will not only offset the efficacy of using borrowed hard-currency funds but will put the problem of the debt crisis on the agenda.

Export proceeds are justifiably considered to be the main source of repaying the loans obtained. To be sure, securing new loans in order to refinance the debt is another source. However, this is an unmistakable sign of forthcoming economic dislocations.

The idea that the situation with our exports is not entirely favorable has become trivial by now. However, this does not change the situation. In 1986, the share of

fuel and energy in the total exports of the USSR amounted to 47.3 percent, or about 32 billion rubles, in 1987—46.5 percent (31.7 billion rubles). In the same year 1986, imports of machinery, equipment and transportation vehicles came to about 25 billion rubles (40.7 percent of imports). In the following year, it was about the same. Less than one-half of such imports was offset by exports of the products of machinebuilding (about 10 billion rubles, or about 15 percent of exports).

At the same time, consumer goods and the raw materials for their production accounted for 30.5 percent of Soviet imports in 1986 and 29.1 percent in 1987. Net imports of grain in 1986-1987 increased by 13.1 percent, of butter—2.1 times, of wool—by 21.9 percent. Net exports of oil in natural units increased by 6.7 percent, and in value by only 0.9 percent. Exports of machinery and equipment declined by 4.6 percent.

In 1987, we exported 1.5 million tons of wheat, having at the same time purchased 18.1 million tons. Meanwhile, the U.S. exported 43.5 million tons of grain in the 1987-1988 agricultural year, without importing a ton.

We are net importers of meat, milk and butter to the tune of about one billion rubles.<sup>2</sup> Where should the milk and butter come from if our "record-holding [cow]" as of 1 July 1988 produced an average of 1,753 kilograms of milk, or less than one-quarter of the average statistical milk yield of the cow in hot Palestine (in 1986, Israel was ranked the first in milk yields among the main milk producers—8,278 kilograms).

For comparison, in 1909 through 1913 products of grain farming accounted for 47 percent of total Russian exports (on the average), in 1926—28 percent, whereas products of cattle raising accounted for 16, 8 and 11 percent respectively. In 1986 and 1987, grain accounted for only 0.2 percent of our exports.

At present, export proceeds depend to a large degree on the conditions in the market of non-food raw materials, and they are mainly spent in order to meet the needs of the populace, without becoming part of the accumulation fund.

Will the expedited growth of export-oriented production on the basis of imported technology result in an appreciable growth of export proceeds? Will it provide a realistic foundation for resolving the issue of Soviet foreign debt in the more or less near term? After all, the tens of billions of dollars which N.P. Shmelev is referring to can only be borrowed on market terms, at relatively high interest rates and for a relatively short period of time. The 5 to 7 years of grace period over which no payments have to be made are but wishful thinking. As a rule, *long-term* loans are granted in the market for 8 to 10 years which include a grace period. As it is, we cannot hope to receive the so-called "official development aid" which N.P. Shmelev is hinting at since we are not a least-developed country after all!

At the 10th Congress of the Polish United Workers Party, M.S. Gorbachev formulated an important idea: "We were late to understand what traps were placed on the trade routes leading to the West." Chances are that by importing machinery and technology we will put ourselves in the position of [someone] pursuing a shade. What is altogether new to us may not be competitive in the market anymore. To be sure, joint entrepreneurship provides a guarantee against this, but only to a certain degree and in the event the partners are selected successfully.

Meanwhile, what is going to happen in the agricultural sector of the country which persistently held the first place in world grain exports as late as the 1920's?

The work on establishing self-sufficiency in food is only the first step. It is necessary to take it, difficult as it is. The impact of the arbitrary approach, when "peasant production was treated as something inferior, as the protoplasm from which 'superior forms of large-scale collective farming' were to emerge"<sup>3</sup> are still apparent.

However, this is only the first step. In my opinion, the second step should be to restore the significance of agriculture as an export sector, so that we do not just provide for ourselves what grows in our country, but also derive hard-currency proceeds from this. Are we to import mutton from Australia or butter from France? Agriculture must truly become a reliable "rear area" of the Soviet economy rather than the reason for its ruin.

However, this will only happen when we stop associating the very idea of optimization of all structures in the national economy mainly with the development of group A industrial production [production of the means of production]. Unfortunately, we have become accustomed to the higher rates of growth in this group due to wars and devastation. We have become so steadfastly accustomed to this that we have difficulty resolving to abandon these positions into which we were forced [so that] we will stop fooling each other with estimates of value of light industry and food processing output (there is price growth involved here, among other things!) and will look at the volume of not only output produced but also output sold, [so that] agriculture will make a firm appearance in our theoretical and practical plans as a sector equal in significance to industry but profoundly different from it due to the peculiarities of the organization of production.

There is one more source which should always be kept in mind when talking about the repayment of foreign debt—funds received as repayment of the loans given by the Soviet Union itself. In all of this, the influx of these funds depends directly on the degree of flexibility of our credit policy.

In our management patterns, flexibility and variable scenarios were a novelty for many years. However, the international market forces one to learn, and, unless we

"go to capitalists for education," as Lenin wrote, we might find ourselves in a position of someone who refuses to do in Rome as the Romans do. As is known, this is a hopeless and an economically dangerous endeavor. After all, capitalists are not going to subsidize us as easily as the state budget used to.

Raising the issue of expanding the accumulation fund by using external sources of financing will not make some people happy, all the more so because the experience of the "newly industrialized" countries, as well as of other liberated countries, is there for us to see. Their belief in the foreign loans and in the exclusive ability of these loans to mobilize domestic resources has brought about results which were not at all predicted. In most of these countries, an increase in foreign indebtedness (especially after the beginning of the debt crisis in 1982) has been accompanied by lower rates of growth of the GNP and even by a decline in the per capita national income. Thus, between 1982 and 1986, the average annual rate of growth of foreign debt amounted to 23.4 percent for Argentina, 13.1 percent for Brazil, 9.8 percent for Mexico, and growth rates of per capita GNP declined. According to data from the 1988 UNCTAD report, payments on foreign debt of developing countries continue to grow; as a result of this increase the net inflow of foreign loans into the countries mentioned has turned into an outflow (incidentally, such payments claim about 30 percent of their export proceeds). In 1987, the outflow amounted to about \$23 billion, and it is projected to exceed \$30 billion in 1989.

As far as our country is concerned, according to calculations by Western experts the foreign debt of the USSR amounted to about \$38 billion in 1987, and the rates of increase in it were not steady: in 1981-1984, the sum of foreign loans taken out by the Soviet Union declined (by 15.1 percent). Then a quite abrupt leap occurred (by 68.8 percent between 1984 and 1987), and consequently the debt increased by 43 percent between 1981 and 1987. In 1984, the ratio of foreign debt to merchandise exports stood at 35:100, whereas in 1987 at 87:100. The debt service ratio (i.e., payments of principal and interest) increased from 14 percent of exports in 1983 to 23 percent in 1987.<sup>4</sup>

Thus, the billions of dollars to which N.P. Shmelev is referring will become a heavy burden on [top of the] debt already accumulated through loans and merchandise trade transactions. They will come in addition to what we annually fail to collect as a creditor nation. Will this make the budget healthier?

Moreover, in the international arena our country is expected to become more active exactly as one of the leading donors and creditors in order to overcome the debt crisis of developing countries (incidentally, this was stressed by Secretary General of the UNCTAD K. Dadzi at a press conference in Moscow in August 1988).

Undoubtedly, we can secure loans in the international market. However, where is the guarantee that we will not have to go later, together with less developed countries, to international financial organizations for preferential loans and subsidies in order to cover the deficit in the balance of payments, and, together with them, receive as a bonus a "program of economic stabilization?"

Certainly, this is not reason enough to remove the issue from the agenda. Moreover, a considerable share of the "traps" in trade and economic relations with the West which were mentioned above is set with our own hands, be it through the inefficient use of opportunities to import goods and capital (as it is, many branches of our economy give a pretext for pursuing a policy of "patching things up"), creation of unjustified "distortions" in the structure of exports, lack of flexibility, or outright incompetence.

Sure, you cannot do without haste in certain situations in life. However, the sphere of credit and finance does not let haste go unpunished; this is not one of the above cases. In this instance, a thought of Lenin formulated as early as 1921 is particularly important: "Let us not be carried away by the 'socialism of feelings'" (Collected Works, volume 44, p. 227). We have already had experience with the "socialism of feelings." This is exactly the heritage we are renouncing.

Perestroika amounts primarily to an important step in creating a material-technical basis adequate for socialism. In an effort to secure its tangible results in any manner, as soon as possible, we may end up at the point of departure yet again in 15 to 20 years, but at a qualitatively new level, adding pathological dependence on foreign markets to the economic disproportions of a domestic nature.

#### Footnotes

1. See N.P. Shmelev, *Advances and Debts*, NOVYY MIR, 1987, No 6; *The Ruble and Perestroika*. Interview with N.P. Shmelev by V. Loshakov, MOSKOVSKIYE NOVOSTI, 1988, No 6 (7 February); N.P. Shmelev, *New Concerns*, NOVYY MIR, 1988, No 4; V. Spandaryan, N.P. Shmelev, *Issues in Improving the Efficiency of Foreign Economic Relations of the USSR*, MIROVAYA EKONOMIKA I MEZHDUNARODNYE OTNOSHENIYA, 1988, No 8.

2. By the way, let us note that, say, imported foodstuffs of animal origin "put on a weight" of about 2 to 3 rubles per kilogram on the way from the border of the USSR to the store shelf. Such is the difference (average) between the foreign trade and domestic retail prices.

3. Iv. Kremnev (A.V. Chayanov), *A Voyage by My Brother Aleksey to the Peasant Utopia Country*, Part 1, Moscow, 1920, p 31.

4. On the basis of data in *FINANCIAL MARKET TRENDS*, 1988, No 39, pp 24, 25, 26.

#### More Foreign Loans Advocated

18200253b Moscow *POLITICHESKOYE OBRAZOVANIYE* in Russian No 1, Jan 89 pp 54-57

[Article by Doctor of Economic Sciences Nikolay Shmelev: "Open Doors or A Tall Fence"]

[Text] Suggestions to expand borrowing in the international financial market which have been advanced recently by Soviet and Western economists have thus far been treated unfavorably or, at best, with a lot of reservations in our country. It is easy to borrow money, but we will have to repay it plus interest. Will we not pass debts on to our children? Will the debt crisis catch up with us, will we find ourselves in the position of a bankrupt [country] unable to pay its bills, like Poland or Mexico? Will the International Monetary Fund dictate its conditions to us, will we lose our economic independence? Such apprehensions arise unavoidably as soon as the conversation turns to securing new loans abroad.

Well, these apprehensions are legitimate and, if there is to be a serious discussion on expanding foreign borrowing, we should certainly analyze all possible consequences, favorable and unfavorable, of increasing international indebtedness. Prior to this, however, we should show what the idea of expanding foreign borrowing proceeds from, what problems we may solve using the borrowed funds, and what is going to happen if we do not resort to loans.

#### Current Problems

Perhaps, there is no more important and urgent task than that of saturating the market with consumer goods among all current economic tasks. This is a key, decisive and, essentially, political rather than economic issue. As was stated at the February (1988) CPSU CC plenum, in 1987 proceeds from sales of imported goods taken in by the treasury declined by 9 billion rubles compared to 1985.

Now let us quote some data outlining the general picture. Due to reductions in vodka production and imports of consumer goods, the state budget at present fails to collect several dozen billion rubles. TsSU [Central Statistical Administration]—Goskomstat [State Committee for Statistics] communiques on surpluses of revenues over expenditures registered annually do not deceive anybody anymore. This is a quite crude statistical trick (the printing of new money is simply reported in the rubric of one of revenue items in the budget—"contributions from state and cooperative enterprises and organizations"). Actually, according to the estimates available, the deficit of the state budget now amounts to 100 billion rubles, and in the last 3 years the magnitude of the

deficit has almost doubled. In other words, the money is being pumped into circulation increasingly fast, which brings about an accelerated growth of disproportions in the consumer market.<sup>1</sup>

The retail turnover of state, cooperative (including public catering), and kolkhoz trade increased by 4 percent annually on the average in 1981-1984 and by only 2.5-2.7 percent a year in 1985-1987, whereas the wage fund of workers and clerical personnel combined with the remuneration fund for kolkhoz members increased in 1985-1987 by 3.5 percent annually on the average. Over the past 3 years (1985-1987), total retail sales in current prices increased by 25 billion rubles, and wages of workers and clerical employees and remuneration of kolkhoz members by more than 30 billion rubles, to say nothing of retirement benefits, scholarships, and other income of the populace.

In all of this, we should keep in mind that even before 1985 the situation in the consumer market was far from perfect. Between 1971 and 1985, the amount of money in circulation increased by a factor of more than 3, whereas production of consumer goods increased by a factor of 2, and retail sales in current prices by a factor of 2.1. The pent-up consumer demand accumulated in the 1970's and 1980's now accounts for between one-quarter and one-half of deposits in savings banks, i.e., between 70 and 140 billion. This is why what is happening now is threatening to ultimately undermine the confidence of the populace in the ruble, and actually brings the country to the brink of a financial collapse. Total deposits in savings banks increased by 65 billion rubles, or by almost one-third, in 3 years (1985-1987)! If such rates persist, in 3 to 5 years the sum of deposits will exceed the total volumes of retail trade sales and of all monetary income.

In other words, after several more years of this "wild race" the monetary system will plunge into ultimate disarray, and the process will become irreversible. The ruble will lose its value altogether, a barter economy will develop (exchange of goods for goods), as was the case in the time of "war communism," during the war, and in the initial postwar years. There will not be any way back then, and a comprehensive monetary reform will have to be carried out, similar to those which were carried out in our country in 1922-1924 and in 1947. It goes without saying that this painful measure unavoidably associated with the expropriation of the savings of the populace (otherwise the monetary reform will not be effective) will undermine any confidence in perestroika for a long time to come.

What is the way out? Are there alternative variants the implementation of which will allow us to make the precipice between the monetary demand and the supply of goods narrower? One of them, a price increase without full compensation—should be immediately discarded as unacceptable from the social point of view. This is also the case with other similar variants of boosting proceeds

of the treasury—increased taxes, reductions in wages, expenditures for social needs, and so forth. Another variant, promoting consumer goods production, has a drawback in that it will produce tangible results in several years at best. (In the worst possible case, even this will not happen because in the absence of truly radical reforms production of consumer goods will not advance, just as it has not before despite thunderous appeals and resolutions.) Meanwhile, as was already mentioned, there is very little time left.

One more variant, the elimination of restrictions on alcohol sales and a reduction in prices for vodka, is promising and should be carried out as soon as possible. However, such a measure still will not make it possible to balance the consumer market and the budget completely, because, as is known, the problem had developed long ago, and the "vodka deficit" only exacerbated it. A measure such as expanding domestic state loans appears promising: there are reasons to believe that, by offering to the populace bonds at normal (5 to 7 percent) interest rates, i.e., such rates which would at least keep up with the current inflation, the state may easily tap several dozen billion rubles for a long period of time and alleviate the pressure of monetary demand on certain "investment goods" (jewels, antiques, books, garden plots, and so forth). Undoubtedly, this will improve equilibrium in the consumer market and the budget. The only "but" is that this improvement will be achieved at the expense of reducing consumer spending—a voluntary reduction, but a reduction nonetheless. Meanwhile, what we need at present is exactly an expansion of consumption, a tangible improvement in the standard of living.

So, what remains for us—imports of consumer goods on credit? Exactly. At present, we need just **several billion dollars** of credit annually in order to saturate the consumer market to the tune of **several dozen billion rubles** with everything or almost everything that is needed because in the world market everything is available—from meat and grain to VCR's. In the long range, the imports of consumer goods on credit will not solve any problems. However, in the several years to come they will give us what is most important at present—time, a respite until the new economic mechanism kicks in in earnest.

#### Long-Term Priorities

Technical modernization of industry, agriculture, all other branches is the most important economic task in the long run. Tremendous investments are needed in order to renew the production apparatus. However, they are not available anywhere at present: the accumulation fund is claiming an unjustifiably large proportion of our national income, much greater than in other countries, but investment capital is still in short supply; ministries



and departments are constantly arguing among themselves and with the Gosplan [State Planning Committee] and the Council of Ministers about the volume of investment funds allocated.

In some sectors (transportation, especially railroads, ferrous metallurgy, power industry) fixed assets are not only obsolete but also amortized; the time to retire and scrap them came long ago. However, there is no replacement for them, investment funds are lacking. Investment is also needed to expand the housing stock, improve the facilities of health care, education, and science, to build environmental protection installations, and for many other purposes. Actually, everyone needs investments everywhere, today, right now, immediately. What is not clear is where to get them.

Let us say right away: if a radical economic reform is really implemented, then, after a certain period of time, funds for investments will appear in our country due to the elimination of astronomical losses characteristic of the current ubiquitous system of directive planning. These losses are enormous indeed, and they constitute a giant potential for economic growth, a reserve which can be freed up in the event of a profound transformation in the economic mechanism.

Indeed, due to the irrational use of fixed assets (approximately one-third of them is not supplied with labor), incredibly long construction cycles (11-12 years compared to 1.5-2 years throughout the world), supernatural swelling of the stocks of merchandise and materials caused by the extremely poor efficiency of the current system of ration-card distribution, and other similar reasons, we spend up to one-third of our national income (according to Western methodology) for accumulation (productive and non-productive investment plus increment in merchandise and material stocks and reserves), whereas the U.S. only 6 to 7 percent. If we succeed in reducing these losses at least to the level of a market economy at a medium level of development we will be able to free up up to a quarter of the national income due to a better and more reasonable organization of operations with the same obsolete machinery which we have now, the same resources, and the same skills of the workforce. These funds will be allocated to retooling archaic production processes, building housing, schools, and hospitals, and saving the Aral Sea.

The problem is, however, that such a release of funds may only occur several years after the new economic mechanism starts working full tilt, i.e., in the best scenario and according to the most optimistic projections, in the mid-1990's. We should and must borrow money abroad in order to carry out long-term investment projects if we have a serious intention to embark on solving our many social and economic problems today, now, without putting these activities on the back burner, if we want computers to be installed in classrooms of our every school next year rather than 10 years later, if we want the two-thirds of maternity wards and

hospitals in Turkmenia which do not have hot water and sewers at present to receive these amenities after all at least in the beginning of the next decade—if only we really want it. There is no other way out at present.

### Will We Be Enslaved by Imperialism?

Economic progress is accompanied by the increasing interdependence of national economies. Hardly anybody would undertake to argue against this statement. However, until now interdependence has been largely interpreted only as links emerging as a result of international trade. Meanwhile, the past decades have shown altogether convincingly that vigorous participation in international non-trade operations, including international financial transactions, is an indispensable condition for successful economic development. In the competitive struggle in the world market, the companies are now successful which produce and sell their output in many countries of the world and make extensive use of international credit (unfortunately, we still do not have such companies). International debt, including long-term, is a norm of economic activities in the world: private individuals, companies, and governments of various countries provide credit to each other, so that they are debtors and creditors at the same time. International credit makes it possible to shift colossal funds from certain industries and countries to others within a short period of time, to concentrate funds on the most promising directions of scientific-technical advancement, and finance profitable economic projects.

Yes, indeed, difficulties with repaying the debt do occur, and entire countries, to say nothing of individual farms and private persons, go into bankruptcy and do not have funds to pay their bills. Many developing countries which used foreign loans vigorously in the 1970's are now in the most difficult situation: debt service payments have begun to claim the lion's share of their export revenues due to which the potential for imports has declined abruptly, and economic growth has slowed down or even turned into a temporary reduction in output.

However, this is only one part of the truth. The other, no less significant part of it is that in the same 1970's not one or two, but many developing countries made a spurt in their economic development with the help of foreign loans, and (as we were dwelling on the danger of financial enslavement) surpassed us in the level of consumption per capita. In 1982 through 1986, the rate of growth of GNP per capita in Argentina, Brazil, and Mexico, the largest debtors of the world, declined to between 3 and 10 percent under the pressure of foreign debt, whereas in our country, where the debt was modest, production did not only fail to increase at all in 1979 through 1982 but, on the contrary, declined; in 1982 through 1987, production may have outpaced the growth of population, but very marginally (these are alternate estimates differing



from the official data which are greatly overstated, as all serious economists now acknowledge). So, everything is relative in the world, and everything is perceived in comparison.

Furthermore, the current international standing of the Soviet Union is, fortunately, solid. Unlike other spheres, we received a good inheritance in this one after the years of stagnation. The net foreign debt of the Soviet Union [denominated] in hard currency amounts to less than \$30 billion (the U.S.—over \$300 billion, Mexico and Brazil—\$100 billion). With regard to socialist and developing countries, we are a net creditor. If in the foreseeable future the ruble becomes convertible, and we are able to mutually offset debts in hard currency and ruble loans, our net debt will turn out to be miniscule, or even disappear altogether. This means that, even given the most cautious approach, we may now borrow in the international financial market several dozen billion dollars at a minimum **without running any risk at all** of crossing the threshold of solvency and finding ourselves in a position of Poland or Mexico.

How are we going to repay the loans? Firstly, we may not repay them at all, but prolong them, or pay back some of them, the old ones, while obtaining new ones. Continuous indebtedness (within certain bounds, of course) is a normal and natural phenomenon in the contemporary world economic practice which alarms nobody as long as the debtor pays the interest diligently. Secondly, difficulties with repaying the debt will not occur if the planned radical economic transformations will be implemented. Even if we manage just one thing, taking the bureaucratic burden off agriculture, this will be enough to pay back the debt with the hard-currency funds saved by virtue of reducing grain imports. This is not theory anymore, this is practice and real economic experience: in the first 5 years of the radical agrarian reform, China managed to boost production abruptly, feed the country, and make it an exporter rather than importer of grain. This is to say nothing about the possibility of expanding exports as the economic reform in industry and other sectors progresses, despite the fact that there is every reason in this case as well to expect an increase in the efficiency of production and quality of goods, and, consequently, the competitiveness of our enterprises.

In a word, expanding foreign borrowing is primarily a political decision: only the determination and ability of the government to implement truly radical rather than cosmetic economic reforms may be a reliable guarantee of repaying the loans. If economic transformations are reduced to half-measures yet another time, the loans obtained will most likely be used as inefficiently as before. In this case, we cannot count either on reducing grain imports or on reinforcing the export potential. Under these circumstances, indebtedness exceeding a certain critical volume (in our case, roughly \$100 billion) may indeed lead to a solvency crisis.

Finally, an efficient strategy of securing foreign loans is inconceivable in the absence of a radical decentralization of international hard-currency and finance operations. The current absolute monopoly of the Vneshekonbank [Bank for Foreign Economic Relations] on all operations in the international credit market should be abolished, just as the monopoly of Vneshtorg [Ministry of Foreign Trade] on export and import operations is being abolished now. The one and only bank is simply incapable of calculating precisely who needs hard-currency loans and in what amounts.

Enterprises and banks should be granted the right to operate in the international financial markets directly. The state should regulate the process of obtaining loans through economic methods (exchange rate of currency, norms of hard-currency contributions, and so forth).

There is only one situation in which we should not borrow: if we do not trust ourselves a bit, if we are convinced in advance that nothing will work out for us, and no radical restructuring of our economy will come about. At present, the "open economy" is the way of the entire world. Will our economy as well become open and competitive, or will it remain sitting behind a fence for all time to come?

#### Footnotes

1. The author's own research is the source for some statistical data.

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#### Trade Expert Interviewed on Importance of 'Know-How'

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in Russian 3 Mar 89 p 5

[Interview with E.Ya. Volynets-Russet, candidate of economic sciences and dean of the All-Union Foreign Trade Academy, by correspondent S. Mushkaterov: "The Secrets of 'Know-How'"; first paragraph is IZVESTIYA introduction]

[Text] The term "know-how" is familiar mainly to specialists in foreign economic activity, but now that more and more Soviet enterprises and organizations are gaining access to the world market, the investigation of various problems connected with "know-how" is of tremendous importance to many people. Our correspondent asked E.Ya. Volynets-Russet, candidate of economic sciences and dean of the All-Union Foreign Trade Academy to discuss some of these problems.

[Question] The term "know-how" comes from the English language and means "knowing how to do something." But the literal translation does not explain the term fully, so what exactly is "know-how"?

[Answer] There are many definitions of the term. It has been defined, for example, by the United Nations, the EEC, many other international and national organizations, researchers, and specialists, but a brief summarization of these definitions is that term refers to the design and technological production secrets which are of industrial and commercial value and are not protected by patents or by international and national laws. These might be technological systems, manufacturing procedures, methods, and experience, or design features; without the knowledge of these, the reproduction of new equipment or technology from models, patent descriptions, and published information is impossible 90 percent of the time. Sometimes the term "know-how" includes the administrative, commercial, and organizational decisions and information needed for the efficient manufacture and sale of products.

There is also another important aspect. By keeping their "know-how" a secret, foreign firms can stay 5, 10, or more years ahead of the competition on the technical level.

[Question] How long can "know-how" be kept secret?

[Answer] Sometimes for quite a long time. The secret of "4711" cologne (FRG) has been kept for more than 200 years, and the secret of the French perfume "Chanel No 5" has been kept for over 70 years. The case of the Coca-Cola beverage is interesting. The firm does not charge other enterprises for the right to produce it, but the beverage can only be made with a purchased concentrate. For more than 100 years the leading soft drink firms in the world producing the beverage have bought the concentrate, and all of their attempts to guess the secret recipe have been futile so far.

[Question] How does "know-how" come into being?

[Answer] First I will tell you how it is done in the West. The acquisition of "know-how" is usually a natural process for any foreign firm and its engineering and technical personnel. The search for the technical decisions which could constitute the development process or "know-how" is conducted during all stages of the design, incorporation, production, operation, maintenance, and improvement of new equipment and technology (the instrument with which "know-how" is discovered is not revealed either). Then decisions are made on each of the specific technical steps discovered: Some are chosen to be patented and others are kept secret and are thereby elevated to the status of "know-how."

The fundamental principles of the process are the following: Can the "know-how" be discovered from the final product and can various steps in the process be patented? Considerations connected with competition frequently keep firms from applying for patents.

[Question] Do we have a comparable system for the formation of "know-how"?

[Answer] These matters have been seriously neglected in our country. We do not have the instruments for the discovery of "know-how" on the enterprise level, the sectorial level, or the state level, and we do not appreciate its technical and commercial value. Whenever I have asked the chief engineers or designers of our enterprises how things are going as far as "know-how" is concerned, they have never known what I was talking about. Matters connected with "know-how" are not taught in a single higher academic institution in our country. Even in the institute of advanced training for patent and licensing specialists, these matters are not studied sufficiently. Only our academy, its advanced training institute, and the Higher Commercial School are now offering instruction in matters connected with "know-how." Our global incompetence is still resulting in colossal leaks of "know-how."

[Question] Are there reliable ways of keeping "know-how" secret?

[Answer] Of course. In general, when we discuss this, we must take the following feature into consideration. In view of the fact that "know-how" is not protected in any way and that it is impossible to prove priority in the discovery of "know-how," it is the focus of industrial espionage, and all countermeasures are therefore aimed at keeping it secret. Western firms have been quite successful in this area as well. The preservation of secrecy is based on one main principle: The only people who have access to "know-how" are those who need it to do their work, and even they learn only as much as they need. Firms have developed ways of negotiating without disclosing "know-how" during consultations and demonstrations of equipment and technology.

[Question] Have we had any success whatsoever in this area?

[Answer] Unfortunately, we have not. If we do not even know how to define "know-how," how can we protect it? But something else is also important. Keeping "know-how" secret is a natural process in the capitalist system of economic management. In our country we are expected to publicize achievements as quickly as possible and give other enterprises a chance to use them. This is why detailed information about inventions is published on a broad scale in our periodical press, especially scientific and technical journals.

We must not forget, however, that we are not isolated. Western specialists have commented several times that scientific and technical developments are described in so much detail in our articles that it does not take an expert to organize their production. Here is just one example. Soviet specialists invented a braking device for trawlers. The invention was reported in the press without taking the proper precautions. As a result, many Western firms made use of the published information and are using the device on their boats for free.

In addition, there is the purely psychological side of the matter. When our specialists and engineers speak at conferences or conduct negotiations, they talk about inventions in as much detail as they have grown accustomed to doing at Soviet enterprises. They cannot act in any other way because they simply have not been taught to do so.

[Question] How can we find a balance of interests, so that we can talk about inventions but avoid information leaks?

[Answer] Any information about scientific and technical achievements, oral or printed, should be a strictly advertising nature.

[Question] But this could motivate a potential client not to make the purchase on the grounds that he has not been given enough information....

[Answer] This brings up another important point—the techniques of selling “know-how.” It is true that sellers are usually afraid to reveal “know-how,” and potential buyers do not want to pay for a “pig in a poke.” Here is how the problem is usually solved: The sides first conclude an option agreement, in which the potential seller of a license promises to reveal “know-how” to the potential buyer, and the latter promises to sign a licensing agreement after he has been given this information. If he does not sign the licensing agreement, the terms of the option prohibit the industrial use of the “know-how,” he cannot divulge the information to anyone else, and he loses the money deposited in the seller’s account in exchange for the option. In this way, the “know-how” is protected by a contract.

In principle, however, “know-how” sales techniques are far from perfect. There are different points of view on the matter. In my opinion, the most efficient method is the following. The sale of “know-how” should be conducted on the basis of a licensing agreement which clarifies the “know-how,” sets the price for it, and stipulates the rules governing its use.

[Question] In view of the colossal importance Western firms attach to “know-how,” it is apparently of great commercial value....

[Answer] Absolutely. There was good reason to insure the Coca-Cola secret for 43 million dollars. Here is another statistic. Almost 98 percent of the U.S. firms trading in licenses also sell “know-how.”

The colossal commercial value of “know-how” is attested to by the experience of Western firms and of our most progressive patent subdivisions. When they began assigning priority to the disclosure and sale of “know-how” abroad, their foreign currency revenues increased immediately.

There is no question that the proper organization of the work connected with “know-how” in our country in the near future (the next 10 or 15 years) could produce a sizable additional source of currency revenues from the sale of “know-how” in licensing operations, including the majority of foreign trade operations. At this time, however, we are still losing hundreds of millions of rubles in hard currency.

[Question] But is it possible that the scientifically sound organization of all of the work connected with “know-how” might be a luxury we cannot afford?

[Answer] It is not, and this is the important thing. The organization of this work will not require large allocations. It can be done within the existing system, as an additional element of the patent and licensing operations of organizations and enterprises.

The final point I want to make is that virtually all of our organizations, enterprises, and cooperatives will be granted the right to operate in the world market on 1 April this year. I am certain that this will increase the danger of leaks of “know-how.” For this reason, we must develop a system for the protection of the USSR’s interests in connection with “know-how” as quickly as possible. It could be on the level of the state or sector, but the enterprise level would be best. This kind of system is essential, however, and it must work as effectively as it does in the West.

#### **Discussion of Import Curtailment** *18250096b Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 29 Jan 89 p 3*

[Article by V. Kalinin, assistant general manager for foreign economic relations of the “Vympel” Clothing Manufacturing and Trading Association: “Let Us Learn from Ourselves”]

[Text] The article “Why Imports Are Being Cut Back” (*SOTSIALISTICHESKAYA INDUSTRIYA*, 1 December 1988) is a typical reaction by certain associates in foreign trade organizations to the increase in enterprises’ independence, in my view. This is a longing by the former Ministry of Foreign Trade for “the good times,” when the principle of the state’s monopoly in foreign trade was replaced by the monopoly of this department.

Without seeking to examine all the reasons for the sharp reduction of imports, I will dwell on only one of them—the shortage of exports. Clearly, we need the foreign exchange earned by exports to purchase abroad. Industry forms the basis for this in highly developed countries. What is preventing our enterprises which produce competitive goods from entering the world market and obtaining foreign exchange earnings independently? There are several explanations, in my view.

First of all, poor economic incentive to sell products abroad. A large tax is imposed on foreign exchange incomes. The enterprises' share amounts to less than 40 percent. When it utilizes its foreign exchange to purchase needed equipment abroad, an enterprise is forced to provide payment for it in rubles, that is, to pay double the cost for imported goods (in foreign exchange and rubles).

Secondly, the lack of direct economic incentive for ministries and foreign trade organizations to stimulate industrial enterprises' exports. The situation now is such that it does not matter if the appropriate department takes part in preparing a commercial transaction or not, because it receives its percentage from the foreign exchange earned by the enterprise anyway. At the same time, it does not bear any material responsibility if a potential exporter has no foreign partners and foreign exchange income.

Thirdly, the restriction of enterprises' rights in the independent development of business contacts with foreign contractors. Under the existing procedure established in 1973 by the now defunct MVT and GKES [Ministry of Foreign Trade and the State Committee for Foreign Economic Relations], the ministries, not the enterprises, decide with whom, where, when, and in what connection the cooperation is to be established.

From everything that has been said, certain suggestions come to mind which, if implemented, could promote the development of enterprises' export opportunities, in our opinion.

First of all, we must lower the percentage of deductions for the budget from foreign exchange revenues. The simplest calculations show that the state will receive more foreign exchange in absolute figures if a larger number of enterprises export their goods.

Secondly, enterprises' relations not only with foreign economic organizations, but ministries as well, should be shifted to cost accounting and they should be legalized by the appropriate contracts. If a department has found a foreign partner and a commercial contract has been concluded through a foreign economic association, the enterprise pays the percentage of deductions stipulated to the middlemen. I hope that this will compel the ministries and foreign economic organizations to consider enterprises' needs realistically.

Finally, all orders, directions and instructions regulating foreign economic relations, both departmental and inter-departmental, ought to have been brought into conformity with the last decree of the USSR Council of Ministers "On further development of the foreign economic activity of state, cooperative, and other public enterprises, associations and organizations."

And several more general observations on the article. One cannot help but agree with the author that work in the foreign market requires thorough knowledge and high competence. One would think that the 50,000 employees who worked in the MVT and GKES before the reorganization possess these qualities. It is to be hoped that the time is not far off when they can be utilized in their immediate specialty—for skilled foreign economic activity at specific enterprises and for eliminating questionable transactions.

I assume that the statements about production workers' mistakes in the foreign market correspond to the facts. Although it may be added that the Ministry of Foreign Trade was not insured against them either. Only its mistakes cost the state significantly more than in the case involving the "Bolshevichka" Factory in Leningrad.

A final wish concerning adoption of the experience in the CSSR, which in the author's opinion is the best for our country under restructuring conditions. A great deal has been written lately about achievements in conducting the economy in other socialist states, including Hungary, the PRC, and so forth. Obviously we have something to learn from them. However, it seems to me that before adopting another's experience, even socialist experience, it is advisable to study the economic mechanism in our own country during the 1920's, which was developed by V. I. Lenin and functioned successfully under his leadership, carefully and objectively taking into account the realities of restructuring first of all. Especially as under the conditions of glasnost we can familiarize ourselves with the works on the NEP [New Economic Policy] and the natural laws related to the transition from capitalism to socialism, and so forth by N. I. Bukharin and with the decrees of the party, the Sovnarkom and the STO [the Council of People's Commissars and the Council of Labor and Defense] of the republic on these matters. The mechanism of the New Economic Policy enabled the USSR to saturate the domestic market with industrial and agricultural goods during those years and to obtain the needed foreign exchange on the basis of significant export deliveries for the foreign market and for the importation of a broad range of commodities.

#### **Effect of Perestroyka on Full Employment Guarantee**

18070108 Moscow *RABOCHIY KLAS* I  
*SOVREMENNYI MIR* in Russian  
No 5, Sep-Oct 88 (signed to press 22 Sep 88) pp 27-37

[Article by Igor Yefimovich Zaslavskiy, candidate of economic sciences, head of a department of the USSR State Committee for Labor and Social Problems Research Institute: "Employment Under the Conditions of Perestroyka"]

[Text] The revolutionary transformations in the economy require new approaches to an understanding of the problem of employment. A transition to a higher type of



socialist employment reflecting the qualitatively different structure of production relations has to be accomplished under the conditions of the comprehensive restructuring. This process is objectively linked not only with the structural changes determined by S&T progress and the intensification of social production but also brought about by the formation of the multistructure nature of the socialist economy in connection with the cooperative movement, the creation of joint ventures and individual labor activity, which are important means of accelerating economic growth and social development.

Major changes will occur throughout the complex totality of interconnections and relationships of the population and the economy under the impact of these fundamentally new socioeconomic and economic factors. This will influence the level and forms of labor activity and the way of life of various groups of the population, which, in turn, is determined by the development of the economic structures of socialism and the motives and stimuli of labor activity under radically changing production conditions.

It is extremely important when studying the new phenomena and central problems of social life and economic practice to proceed from the actual processes and contradictions arising in the process of formation of manpower reserves: given an increase in production efficiency, there is a mass release of workmen, and the need to provide for the working people's full employment arises. Very complex social questions connected with their reallocation, retraining and employment under the new management conditions will have to be solved. And, furthermore, scientific substantiation of the ways and forms of their solution in practice will be necessary. Being guided merely by some fundamental considerations concerning the impermissibility (or undesirability) of unemployment under socialism will not be sufficient. We need to study these processes specifically, foresee their social consequences, control employment in conformity with the transformations occurring in its structures and remove the deformations which have come about in the distribution and use of labor resources.

Contradictions of the extensive development of the economy and the growth of stagnation phenomena in the social sphere affected a fundamental guarantee of socialism—full employment. The provision thereof, realized on an inefficient basis, was accompanied by the appearance and reproduction on an increasingly broad scale of negative phenomena in the sphere of social labor: elements of disengagement characteristic of unemployment accumulated. We attribute to them a need for jobs and earned income from social production of specific groups of the able-bodied population not satisfied for a certain period of time (more than 2-3 months). This need is brought about by the action of factors of economic,

industrial and demographic development, which influence the processes of the formation, use, allocation and reallocation of labor resources.

There is a considerable number of job vacancies in the USSR national economy, however, the full and rational employment of all professional and socio-demographic groups of working people under specific regional conditions is not provided for in practice. Various forms of disengagement—temporary, seasonal, structural—depend on regional singularities and pertain to certain age and professional groups of workmen. The main form of disengagement—temporary—is a consequence of current moves of the workmen made mainly on their personal initiative; it is caused by objective difficulties when finding work for oneself independently at an enterprise or in an organization since there is a shortage of jobs corresponding to the workman's education, vocational training and skills and personal requirements and work conditions, or his qualifications do not correspond to the requirements of the enterprises. Temporary disengagement has pronounced regional singularities caused by the dynamics of the reproduction of labor resources and the movement of jobs within the framework of local economic structures.

Studies conducted by the Labor Research Institute showed that by the mid-1980's, for example, the average period of nonparticipation by the youth of the Central Asian republics in social labor following the completion of their studies (mainly as a consequence of the limited number of jobs in the areas of their permanent domicile) was in excess of 3 months (for young women up to the age of 24 it amounted on average from 3 to 6 months). This cannot be attributed to the "costs" of a redistribution of labor resources between spheres of employment: training and work.

In Central Asia temporary disengagement occurs among working people aged 24-49 also. Upon a change of place of work at enterprises the periods of disengagement of this age group of working people in the Uzbek SSR amounted on average to 103 days (compared with 10 days in the Belorussian SSR). These were mainly unskilled and semiskilled workers with a low level of education. Considerable breaks in work among working people of retirement age were noted in, specifically, the RSFSR's Maritime Kray and the Georgian SSR, there not being jobs or positions for them appropriate to their labor potential.

In a number of big cities, particularly in capital centers, there are serious employment problems for qualified specialists like, for example, doctors, foreign language teachers, philologists, lawyers, journalists and others. Difficulties in the choice of work in accordance with their specialty are increased by the established rules of administrative regulation of the numbers of the population (registration and discharge) complicating the territorial redistribution of skilled personnel.



The disengagement of the population is very often of a seasonal nature and determined by the "one-sided" structure of the economy in the majority of rural areas, particularly in the available-manpower regions of the country, in localities with a seasonal nature of industrial production and a predominance of seasonal occupations away from the village, in resort zones and such. The period of seasonal disengagement usually lasts 4-6 months and extends to some workmen with a profession and specialty. It is for this reason to a considerable extent that there is an outflow of labor resources from these localities assuming various forms of migration (resettlement and seasonal and pendular migration).

Steady unemployment, which is connected with actual agrarian overpopulation, particularly in rural localities with a high rate of increase in labor resources under conditions of the high concentration of the population and stagnation of the development of the productive forces, has already appeared in the labor-surplus parts of the country. The task of ensuring the full employment and use of labor resources in these regions is becoming increasingly acute owing to the formation of a manpower reserve from the ranks of workmen not employed in social production (as a consequence of contradictions of an economic and demographic nature). In Central Asia this reserve now constitutes no less than 1 million persons. On the sovkhozes and kolkhozes of the UzSSR the numbers of actually superfluous workmen are already in excess of 400,000 persons. In our opinion, disengagement here is acquiring simultaneously stagnation and hidden forms, which is complicating the transition to progressive methods of management and the introduction of the family contract and leaseholding in agriculture. Thus merely as the result of the achievement of the normative level of labor expenditure on the production of agricultural products and the transfer of the farm subdivisions to a contract basis in the Turkmen SSR's Tashauz Oblast it would be possible to release 50 percent of persons, 17 percent of whom are mothers with large families and senior citizens, 42 percent, women with small children, 19 percent, young men and women who have graduated from the general school, and 22 percent, men employed in nonmechanized work. The surplus manpower at the enterprise is accompanied, as a rule, by low production efficiency, which impedes the solution of social questions of the workmen's labor and well-being.

In an economy which is developing dynamically, on a sound basis, the concept of full employment cannot be confined to the framework of one region or one sector. This is all the more true of the national economy of such a country as the Soviet Union.

Ascertainment of surplus manpower in production reinforces the labor resources necessary for the continued development of the economy of the regions (of those short of labor particularly). If approached realistically, what is understood by full employment within the framework of a region is satisfaction of the need for jobs in the

national economy, including training, housekeeping and in the sphere of individual labor activity by way of the territorial redistribution of manpower also. The criterion of the rationality of such redistribution here is invariably production efficiency in the socialized sector.

The appearance of elements of structural disengagement is associated with the processes of the actual release of workmen which have begun given the transition to the new conditions of management, enterprise retooling, reorganization of the structures of management of the economy and a reduction in the management machinery.

The system of the management mechanism is reflecting to an ever increasing extent economic incentives prompting enterprises and the workforce to the rational use of workmen in production. These include new principles of the formation of resources for remuneration and payments for trained personnel and labor resources, including the attraction of manpower from other regions of the country.

The release of superfluous workmen is now becoming an indicator of an increase in the efficiency of the work of operating enterprises and assuming the form of economies in production in labor resources, which could be used for the further development of the national economy.

The transfer of enterprises to the principles of full financial autonomy and self-financing will stimulate their economic activity with a stable or lesser number of personnel. The first results of the work that has been carried out even have shown that a considerable release of workers is taking place at enterprises and in departments, the structure of jobs is changing and vacancies are declining. This is influencing the situation in the field of the employment and redistribution of various groups of workmen who have been released. Transition to the new pay conditions alone is being accompanied by the release of 5-7 percent on average of the numbers of persons working at these enterprises. In accordance with the Ministry of Railways and Ministry of Petroleum Refining and Petrochemical Industry system, workmen employed were cut back by 10-11 percent. A 30-50-percent reduction in the staff of the central machinery of management of the national economy is under way.

For an improvement in the organization of labor at enterprises it is expedient—given compliance, of course, with a differentiated approach and with the consent of the workmen themselves—to channel some of those released into the works and services of an enterprise whose activity will ultimately improve the functioning of basic production as a whole. Such is the predominant trend in providing for the efficiency of the employment of labor resources, which does not rule out, however, the fact that some workmen released as the organizational-technical and technological structures of production are upgraded will find expedient for themselves work at other enterprises. The pattern which can be traced here

(and not only in our country but on a world scale) is that usually more than half the workmen released remain at the same enterprise (or at other enterprises of the sector in the same region), while a lesser percentage opts for a transfer to an enterprise of other sectors, and only a quite small percentage prefers to find work outside of the given region.

According to the data of surveys which have been conducted, as yet more than two-thirds of released workmen are found work at their enterprise and in the sector and department mainly in similar jobs and positions. A lesser percentage retires on pension (some wait for it to be granted, having the requisite length of service and not participating in social labor) and approximately 20 percent are forced to change their enterprise. The intensity of the release of specialists and office workers is three times higher than that of workers here.

Upon reallocation 22 percent of workmen released did not work for over 2 months, and more than two-thirds of them were ultimately placed via a bureau, what is more, when the possibilities of finding work themselves had been exhausted; 25 percent of these workmen linked the breaks in their work with difficulties in choosing a suitable job, and 45 percent did no work all this time without valid reason, which testifies to a lack of supervision of their employment on the part of the territorial authorities.

At the enterprises of Moscow Oblast which were surveyed the proportion of specialists and office workers in the total number of workmen released for whom work had to be found at other enterprises amounted to 90 percent. Their timely placement was made more difficult quite often by the limited number of vacancies in their specialty (or insufficient information about the existence thereof at the enterprises) and absence of regional employment data banks and a personal register of employment of the population and the movement of labor resources in the majority of the country's cities and rayons. Increasing social significance is attached to the latter circumstance: such a register would permit purposeful control of the processes of the labor and territorial mobility of various groups of the population.

It has to be acknowledged that with the appearance of elements of unemployment in regions of the country there has simultaneously been a growth of manifestations of absenteeism, that is, the conscious avoidance of labor in social production, which has assumed diverse forms, including parasitism, vagrancy, the acquisition of unearned income, fictitious employment and so forth. These phenomena have assumed particularly significant proportions in the biggest cities and new-development areas; they have been fought against mainly by administrative methods and, it has to be acknowledged, unsuccessfully. There remains an urgent need for them to be overcome by way of the use of modern forms of labor

stimulation and the social readaptation of the population avoiding social labor: this is a most important task of ensuring full employment and the planned control of labor resources.

In the 1990's the acceleration of the rate of introduction of S&T progress in production will lead to the appearance of steady discrepancies between the professional makeup of the workmen released and the enterprises' new skilled personnel requirements. The reallocation of those released for new jobs and other fields of production will require the retraining of several million persons, particularly in connection with the radical reduction in manual labor, the retooling of the enterprises and the creation of modern industries. However, besides an expansion of the scale of the retraining of workers and employees, we will need a cardinal restructuring of the mechanism of social guarantees and their strengthening under the new organizational-technical and management conditions in respect of individual groups of working people who are less mobile professionally and less well adapted to the changes in production, including women with children, elderly workmen and workers and employees employed in the traditional sectors of the economy, whose occupations are being supplanted under the conditions of S&T progress.

The processes of the regrouping of manpower in production will be accompanied by the mass release of superfluous workmen at operating enterprises in connection with the transition to more efficient methods of management, including contract and lease forms providing for a sharp rise in labor productivity. This will influence the total number and structure of jobs and vacancies in production and the infrastructure.

Problems of the employment of young people graduating from educational institutions, unskilled and semiskilled workmen and workers of the mass occupations being supplanted by the technologization of production will become more perceptible practically everywhere. Idleness among these groups of working people could assume stable forms, particularly in labor-sufficient parts of the country, and become an inevitable consequence of the structural changes in the economy.

The discrepancies between the needs of social production and sector and enterprise need for skilled personnel and the composition of the workmen released and also between specific groups of working people's need for jobs under conditions of the growth of well-being and the increased social orientation of the economy and their evolved structure will expand.

In connection with the extensive use of the latest equipment and technology, the liquidation of unprofitable enterprises and obsolete and ecologically harmful industries and the abolition of inefficient management structures the problem of ensuring full and efficient employment will become most acute. Elements of a labor

resources market, where manpower reserves assume not only a regional but also national economic form, will begin to steadily evolve here.

The need for the pursuit of a new policy in the employment sphere arises under these conditions.

The intensification of the economy and stimulation of the regrouping of manpower under the new conditions and the formation of the reserves thereof insistently dictate the need for a restructuring of the entire socio-economic and organizational-legal mechanism of the release, retraining and employment of the workmen. It should secure an appreciable improvement in the use and planned redistribution of the labor resources released and regulation of the efficient employment of the able-bodied population in social production based on a combination of economic methods of the regrouping of manpower and social guarantees in respect of the released workmen. This is the very occasion when the state bears special responsibility for the citizens.

Documents adopted by the 19th All-Union Party Conference emphasize that in the process of consistent democratization the state is obliged to display constant concern for a strengthening of guarantees of Soviet people's rights and freedoms. This applies to the further expansion and enrichment of social rights (to labor, recreation, education, health care, social security and so forth). Given the release of workmen, the strengthening of the forms of social protection acquires decisive significance for the concerned and active participation of the working people themselves in realization of the progressive changes in the economy and at the enterprises.

With the enactment of the laws on the state enterprise (association), socialist cooperation and individual labor activity and also a number of decrees associated with the restructuring of management of the national economy the mechanism of the regulation, use and redistribution of labor resources upon the transition to the new management conditions enjoys further development; and the working people's social guarantees are strengthened.

However, problems of a fundamentally new nature connected with the workmen's mass release arise here. Systemic study of these problems and their solution in practice are required.

Problems of the planned redistribution of labor resources and an improvement in the system of employment of the population, when millions of people will have to change their place of work, are moving to the forefront. Naturally, the majority of them will avail themselves of the possibilities of their enterprise and the sector in which they work, others will wish to do this independently based on the information about jobs which they possess and many will turn to the employment authorities for help.

A sociological survey conducted at 55 enterprises and in organizations located in various regions of the country showed that, in the event of a possible reduction in staff, the majority of workers would prefer to switch to another enterprise by a transfer in the given locality (45 percent), and 11 percent, to any other enterprise of the sector; 28 percent would hope to find work independently, 11 percent, with the help of their enterprise's personnel service, and only 5 percent would look to the services of the bureau.

However, as the analysis showed, in a number of parts of the country the local employment authorities adopted an essentially passive position in the process of the redistribution and employment of the released workmen, confining themselves to making information available merely about the available jobs and vacant positions which were to hand at that time in the employment bureau. For a long time the bureau busied itself to a considerable extent with the prompt servicing of "turnover" personnel and the satisfaction of enterprises' growing manpower requirements, but not with tackling tasks of ensuring the efficient employment of released and reallocated workmen. The absolute majority of people found work with the help of the bureaus were persons who had changed their place of work at their own wish and on their personal initiative, and not in connection with a reduction in staff.

Although much has been done in recent years to improve the work of the employment service, people apply to the bureau reluctantly. This is explained, in our view, by several factors. On the one hand there are still many opportunities for finding work without the bureau's services: the need for personnel, in the general occupations particularly, is quite high." On the other, it is far from everywhere that the bureaus monitor the state of affairs concerning employment of the population on their territory and lack complete and reliable information on labor resources and jobs; they are inadequately furnished with equipment and have small staffs which frequently lack the necessary training.

There are currently fewer people applying to the bureaus for assistance in finding work than there are available jobs and vacancies, and this applies to the general occupations particularly. However, the prompt placement of all citizens in accordance with their professional qualifications and desires is not always catered for locally—by virtue of the personnel's structural nonconformity to the needs of production and unsolved social questions of work at the enterprises. Until recently there were no authorities dealing with questions of labor and the redistribution of labor resources in the majority of the country's small and mid-sized cities, where the biggest difficulties are currently arising in connection with the efficient employment of released workers and also persons in need of work in the social economy. In 1986 employment bureaus were operating in 95 percent of cities with a population in excess of 100,000, in 45 of cities with a 50,000-100,000-strong population and in

only 9 percent of cities with a population of less than 50,000.<sup>2</sup> In the RSFSR, Kazakhstan, Uzbekistan, Azerbaijan and Turkmenia there were practically no bureaus (or departments and branches thereof) in rural localities with a high concentration of the population and, what is most important, in areas with a high increase in labor resources.

In the majority of regions of the country the employment bureaus, which were set up for the first time by way of an experiment at the end of the 1960's, developed extensively, increasing the volume—the so-called “gross”—of employment without perfecting the forms and methods of work to regulate employment under specific conditions. The activity of this specialized service had quite a narrow focus, and the bureaus performed limited labor mediation functions and tackled individual assignments pertaining to the attraction of additional manpower to the enterprises. The expansion of the network of bureaus has been particularly rapid in recent years as the “shortage” of labor resources has increased (although at the same time the above-plan numbers of workmen in industry alone was constituting more than 1 percent of those in work).

Thus during the 11th Five-Year Plan the employment authorities placed in work more than 15.7 million persons, which was 22 percent more than in the 10th Five-Year Plan. The employment bureaus participated directly in the employment of 13.6 million persons (an increase amounting to 26.4 percent compared with the 10th Five-Year Plan). Of the total number of job applicants, 89 percent were assigned to enterprises and organizations; of these, 81 percent took up work per the bureau assignment. For example, in 1985 the employment authorities helped find work at an enterprise and in an institution or organization for more than 3.4 million persons, of whom approximately 3 million were found work via the bureaus. More than half of them were assigned to industrial enterprises, almost 11 percent, to construction, 10 percent, to transport and communications, and 6 percent, to agriculture, that is, mainly whither, it was believed, there was a “shortage” of labor resources. Among those found a job, workers were predominant—77 percent; the proportion of engineering-technical personnel and office workers constituted 12 percent. A significant number (11 percent) of those attracted to the enterprises with the help of the bureaus had not previously worked in the national economy, these being mainly retirees and housewives replenishing the labor resources of social production.

The number of employment bureaus increased more rapidly than the placement in jobs. In 1987 the country had 1,700 employment bureaus (that is, 1.7 times more than in 1985). Their work was organized mainly on the principles of mediation; insufficient account was taken of the employment and movement of labor resources, and the possibilities of the employment of specific groups of the population and the planned territorial and

intersectoral redistribution of manpower were not studied. In fact the network of bureaus was a peripheral part of the cost-to-produce management mechanism designed to ensure realization of social production's additional current labor resource requirements, regardless of the costs of the circulation of the latter between enterprises and sectors. For this reason self-support and financial autonomy as the basis of their financing were also of a cost-to-produce and essentially formal nature. The resources for the running of the bureaus were received “randomly”—for each person placed or depending on the numbers of people working at an enterprise.

The orientation in work toward “gross” indicators and the practically total dependence under these conditions on the enterprises determined mainly the stereotyped methods of the control of labor moves and the endeavor to have the entire stream of redistribution of labor resources pass “through themselves” and to monopolize the employment sphere. The growth of such trends did not contribute to a growth of the popularity of organized job placement among various groups of the population or among the enterprises themselves even. The prestige of the employment bureaus remains at a low level even now, particularly among skilled workmen and specialists.

Given transition to new conditions of management, the situation in the sphere of redistribution of labor resources must change radically. The first processes of the release of workmen have shown that there is insufficient coordination and interaction in the work of individual employment control components and authorities locally. Instances have been observed quite often most recently of enterprises not submitting to the employment bureaus lists of workmen being released indicating sex, age, occupation and qualifications and of the bureaus, in turn, not being in possession of full information concerning vacant positions and available jobs and the possibilities of worker and employee retraining. Only 8.5 percent of workers released on the Central Asian Railroad were reallocated via the employment bureaus; of the 150 persons surveyed on the East Siberian Railroad, not one had availed himself of the bureaus' services.

Under the new conditions the activity of the employment service no longer corresponds to the tasks of the mass release and planned regrouping of workmen.

A guarantee of efficient employment objectively demands the integration of a number of labor resource control functions in the employment authorities and their reorganization on a fundamentally new basis. Centers for the employment, retraining and reorientation of the population are now being created in large cities—multifunctional labor and social question authorities of a new type entrusted with the responsibility for ensuring full and rational employment and supporting enterprises' need for the requisite personnel and for the



registration, distribution and redistribution of labor resources, including high school graduates, the retraining of people who have been released and vocational guidance.<sup>3</sup>

Processes of the intersectoral and territorial redistribution of labor resources are being stimulated under the conditions of an acceleration of the rate of S&T progress and the realization of major structural changes in the economy. Full and efficient employment will largely depend on the development throughout the country of an all-embracing, flexible and promptly functioning system solving all together questions of employment, vocational guidance and retraining. The basic nucleus of the formation of a uniform state system of employment under the new management conditions will be its territorial authorities. Organizationally this system may be portrayed as an interlinked and developing network of multifunctional employment centers and bureaus. It would seem expedient to draw up a master outline of the location of centers and bureaus for the country's territory: for republic, city and rayon.

A particular place in the organizational structuring of a statewide system should belong to an *all-union socialist employment center*. It could be entrusted with responsibility for the pursuit of a uniform state policy in the field of employment, the development of its scientific substantiation and determination of the directions, forms and methods of the work performed in the country to ensure the full and efficient employment of the population and the rational use of labor resources in the national economy and in regions of the country. The approach to employment as a sector of the management of labor and social development could be realized consistently in practice together with its creation as a body of social and state regulation.

The creation of an all-state system of job placement as a most important socioeconomic guarantee of the right to work presupposes study of the state of the employment of various groups of the population and processes of the movement of labor resources and the forecasting of production's need for manpower and sources of its provision and also of the directions of the development of the spheres of application of social labor in the specific, live interaction of socioeconomic and demographic factors. A fundamental reconsideration of the procedure and practice of the compilation of labor resource balance sheets is essential for all this.

The basis of this work is the organization in the cities and rayons of the universal registration of employment and the movement of labor resources. A systemic analysis of its results and an evaluation of the unfolding situation in interconnection with the reproduction of the able-bodied population and the creation and upgrading of jobs and balance-sheet calculations at the primary level are essential. This will make it possible to achieve a common production-sectoral and territorial approach to a regulation of employment and the control of labor

resources, when their movement will be attended not only by the release of manpower at an operating works but also the appearance of structural discrepancies associated with a change in enterprise demands on the quality and quantity of manpower on the one hand and specific groups of the population's need for jobs on the other.

This will afford an opportunity for achieving a territorial balance of labor resources and jobs and ensuring a dynamic balance of production and employment.

To ensure the necessary operational efficiency when organizing the intersectoral and territorial redistribution of labor resources it is essential also to create an *all-state data bank* containing full and reliable information on available jobs and vacant positions, including those being created and planned, the system of personnel training and retraining and the temporary disengaged able-bodied population. This bank could be formed per the territorial principle, beginning with the primary level of the control of employment based on the creation of standardized data systems and the extensive use of computer technology.

Under the new conditions the system of efficient employment should ensure real guarantees of the right to work in respect of each able-bodied workman, including the rational choice of place of work in accordance with his wishes and level of professional training and based on professional information and professional advice: the workman should be afforded the possibilities of retraining here. The constant development of the national economy will depend on the extent to which work on the finding and retraining and the organized distribution and redistribution of redundant labor resources between fields of production, enterprises, sectors and regions and spheres of socially useful labor is performed in planned manner.

A restructuring of the basic components of the system of the normative regulation of employment in accordance with the implementation of official measures aimed at its increased efficiency is already under way in practice in the European CEMA countries. There is simultaneously a broadening of the guarantees of efficient employment and the further development of various forms of social protection of the working people in connection with the radical transformations in the structure of the economy.

The state employment authorities and the enterprises in these countries are performing purposeful work on the job placement of redundant workmen and organizing their sectoral and territorial distribution and retraining. Where necessary, the people released are granted compensation for lost earnings. In a number of countries special funds have been set up from state resources and with the participation of the enterprises for the financing of measures implemented in planned manner pertaining to the training, improvement and retraining of skilled



personnel, the enlistment in production of various socio-demographic groups of the population and their organized job placement and reallocation.

For the efficient control of the release, redistribution and job placement processes it is necessary to elaborate an appropriate model reflecting the regularities and relationships of socioeconomic and demographic development and the formation and use of the labor resources realized at various levels of the national economy.

Corresponding to the restructuring of the economy on the principles of efficiency, this model of socialist employment should provide for the plan-gearred regulation of the proportionality, efficiency and change of labor and the rationalization of the employment of specific socio-demographic and professional groups of the population by way of the alternation on a normative basis of periods of work, study and authorized leave, the extensive use here of a system of social norms and the introduction, where necessary, of self-regulation mechanisms.

Within the framework of the new model it is essential to realize a modern approach to the development of the spheres of application of social labor and stimulate the efficient employment of the working people, in cooperatives, in individual labor, in study and in housekeeping included. In accordance with this, there arises the task of a radical revision of the applied forms and methods of the distribution and norming of individual types of socially useful activity in order to provide for the structural reorganization and intensification of the economy and orient them more fully toward the satisfaction of the work requirements of the main groups of the population, creating the working people's interest in an increase in production efficiency. It is important here to determine rational relationships between work in the national economy and real income and the development of employment and the growth of well-being and, accordingly, an improvement in the forms of distribution according to labor from the social consumption funds. The optimum combination of these factors will make it possible to harmoniously bring together individual, group and social interests, better adapt the working people to the new work conditions and guarantee all members of society income secured by the efficiency of the economy.

This approach to a solution of the problems of guaranteeing employment will create, finally, the conditions for a breakthrough in the sphere of the science of labor and social development and for the formation of strictly scientific, realistic and at the same time systemic thinking upon the substantiation and pursuit of a common state policy in the labor sphere.

Realization of the model of socialist employment in its various forms of state, regional, sectoral and in-house planning and regulation presupposes a general revision of labor and pension legislation and the development of

other forms of the social protection of the working people in accordance with the revolutionary changes in the economy, which are of an irreversible nature.

An all-state legal instrument determining the general principles, conditions and rules of the regulation of employment and its system, mechanism and social guarantees at the stage of acceleration of socioeconomic development—a *law on full and efficient employment*—could lend impetus to such a radical reform in the process of the creation of the socialist law-based state, which would be in keeping with the tasks of the renewal of socialism.

A system of state and social guarantees of the citizens' right to work in its full extent with regard for the fundamentally new conditions of their realization determined by the acceleration of S&T progress, the development of socialist ownership and self-management and, more broadly, the democratization of all social life should be enshrined here. The act could regulate the principles of the building and functioning of an integral all-state system of the employment, retraining and vocational guidance of the population and the organization of continuous retraining and the directions and forms of realization of the corresponding special programs. With its adoption the formation of a system of efficient employment will be legally consummated on the scale of society.

#### Footnotes

\* A system of the personal registration and prompt job placement of citizens not employed in social production and engaged in study came to be employed for the first time in Novopolotsk (Belorussian SSR) as of 1984. This made it possible to improve the control of labor resources appreciably and bring the city's enterprises up to strength with personnel. This system is now operating throughout Belorussia and in Latvia and is being introduced in other parts of the country.

\*\* There are currently 1.5 million vacancies, and 10 million persons could be enlisted in social production thanks to the rational use of production potential and the transition to multishift work conditions.<sup>1</sup>

1. See I. Gladkiy, "Efficient Employment for an Intensive Economy," *SOTSIALISTICHESKIY TRUD* No 5, 1988, p 9.

2. "Labor Resources of the USSR: Efficiency of Use," Moscow, 1987, p 101.

3. "Fundamental Restructuring of Management of the Economy. Digest of Documents," Moscow, 1987, p 250.

"Rabochiy klass i sovremennyy mir", 1988©

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**Role of Firms in Bulgarian Economic Reform**

18250091 Moscow IZVESTIYA in Russian 1st edition  
23 Feb 89 p 5

[Article by A. Kapralov and B. Konovalov, IZVESTIYA special correspondents, Sofia: "Course for Firms"; first paragraph is IZVESTIYA introduction]

[Text] This year should become critical for the Bulgarian economy, which, like ours, is experiencing serious difficulties. Bulgaria traditionally followed our economic course. Now, in the era of restructuring, which is proceeding in both fraternal countries, Bulgaria's experience is especially interesting for us. In a small country economic tendencies are manifested more clearly and the effectiveness of "prescriptions for treatment" is seen more quickly.

In Bulgaria 2 years ago almost all sectorial ministries were abolished and, instead of them, voluntary associations of enterprises were established. The principle of the dictate "from top to bottom" was replaced with the idea of the "round table" of the elected association council, in which every important decision was supposed to be adopted in a democratic way. At the same time, analogs of our Gosplan, State Committee for Science and Technology, Gosstat, Ministry of Finance, State Committee for Labor and Social Problems, and State Committee on Prices were united into a single Ministry of Economics and Planning, but, essentially, with the retention of the tasks of all their constituent elements. Simply, the managerial apparatus was reduced very sharply, while the independence of labor collectives of enterprises was strengthened.

There are positive shifts, but the expected sharp changes for the better in the economy have not occurred. Associations often served simply as an intermediary management link between the Ministry of Economics and Planning and enterprises. It became clear that a halfway decision was adopted. A more decisive, new step was needed. In January 1989 the State Council of the People's Republic of Bulgaria issued an ukase on the transfer of the national economy to the firm system.

"Don't think that there is a mere change of signs," Prof Ognyan Panov, director of the Institute of Social Management under the Central Committee of the Communist Party of Bulgaria, told us. "The realization of the Bulgarian model of socialism has begun. The state will now control the strategic objectives of economic development and not engage in the daily management of economic activity. Firms will become independent economic units. Political restructuring should give independence and self-management to territorial communal councils. From childhood we have become accustomed to the fact that the enterprise is an element of the state system and its management is carried out on behalf of the state. And it pays if this management is inefficient. Now this principle is rejected. Not only the state, but also communities, cooperatives, individual citizens, and foreign organizations and individuals, can be the owner

of a firm. The state will collect a fixed tax from them and stimulate development in the necessary directions. However, firms will begin to live, develop, or go broke independently in accordance with the rules of the market mechanism. The world market is one of the achievements of human civilization. Unfortunately, socialist countries are represented on it very weakly and Bulgaria is no exception. Now the task is set not to trade with anything that comes along, but to find our firm positions—to be constantly present on the world market, maintaining the mark of the best goods and providing quality servicing of sold articles."

In order to better understand what Bulgaria's new economic units will represent, we went to the Klimat Economic Association, which is now getting ready to become a firm. This association carries out a scientific, planning-design, production, trade, and engineering activity in the area of air conditioning and of refrigerating, ventilation, and air cleaning equipment. A total of 5,600 people work here. The association consists of seven plants, two scientific introduction institutes, a technological laboratory, and three engineering organizations and has its own foreign trade subdivision, because more than one-half of its output is for export.

Work is organized so that the entire chain, that is, science-design work-production-trade, is concentrated in the future firm. Emphasis is placed on seeing to it that new ideas are realized on the trade market as soon as possible. The association finances only 20 percent of the scientists' risky research from centralized funds; everything else, according to contracts with plants, where tasks, periods, and the quality of work are stipulated clearly.

"The contract system proved to be very effective," Aleksey Mittsev, president of the Klimat Association, told us, "and now, taking advantage of the independence granted to firms, we intend to expand and intensify it. Contracts will be concluded with every associate—from the director to the worker. This will strengthen labor discipline. In addition to ordinary incentives, the firm's shares, which will now begin to be spread among those who have labor relations with it, should increase economic interest. Dividends will be paid to all on the basis of the results of annual activity."

It cannot be said that this is a wonder for us. Such a principle of joint-stock participation by associates was adopted at the Mikrokhirurgiya Glaza [Eye Microsurgery] MNTK [Moscow Scientific and Technical Combine] headed by the famous ophthalmologist S. N. Fedorov and in some other places. However, we are still looking closely and weighing whether this is suitable for socialism or not. Bulgaria has made the principle of workers' joint-stock participation an element of state policy.

This is more sensible and profitable than to keep money in savings books. A person should have the right to actively participate in economic life, investing his savings and partially assuming the risk and responsibility for his enterprise.

In Bulgaria now a new ukase has determined that people, who are in labor relations with a firm for no less than 1 year, have the right to acquire personal labor shares. The nominal value of each share is 50 leva (50 rubles). One person can have no more than 200 shares. During dismissal they are bought up by the firm at the nominal value. Pensioners retain their labor shares if they have worked at a given place for 10 years and receive dividends equally with all. Labor shares are left as an inheritance.

Klimat is a future state firm. However, according to the new ukase, purely joint-stock firms can also be established. The minimum state fund of such a firm is 1 million leva. The minimum cost of a share is 1,000 leva. Shares give the right to one vote at a stockholders' meeting. Organizations and Bulgarian and foreign citizens buy shares. Every year before 31 March the controlling council must publish the previous year's balance so that everyone may know how the firm's affairs are proceeding.

Individual cooperative firms are established in any sphere of the national economy. According to a labor agreement, up to 10 employees can work in such firms. In case of need an unlimited number of people are enlisted in seasonal work.

Foreign firms are permitted to open their affiliates in Bulgaria and to buy shares. Foreign citizens have also received the right to participate in the activity of Bulgarian firms and to be elected to controlling councils. The profit of firms with a predominant foreign participation of affiliates of foreign firms is taxed at the rate of 30 percent, whereas for Bulgarian firms this tax makes up 50 percent; the tax on the profit of independent activity of foreign citizens, 40 percent.

This signifies a turn toward a world community. From individuals, who previously were welcomed only as tourists, foreigners—"chuzhdentsi" in Bulgarian—become close people and desirable investors and a number of privileges are granted them. For example, if they realize the income from their economic activity in the country and do not take it out of Bulgaria's borders, they pay only a 13-percent tax. They are altogether tax exempt if dividends are used for the purchase of new shares.

Two duty-free zones for attracting foreign firms are being established on the bank of the Danube near the cities of Vidin and Ruse in Bulgaria. The profit obtained in these zones is not withdrawn for 5 years and then makes up only 20 percent. If, however, foreign firms carry out activity in the field of high technology, in

which Bulgaria is interested, they are altogether tax exempt. Investments of foreign individuals are not subject to withdrawal or confiscation in accordance with administrative procedure.

Democratization of the activity of firms is accompanied by an intensification of the owner's role. It is not important whether the owner is the state or stockholders. Firm owners have the right to form one-half of the controlling council. A foreign citizen can also become a firm manager.

Naturally, we were interested in finding out to what extent this could affect traditional Soviet-Bulgarian relations.

"Of course, in time this will cause certain changes, which, in my opinion, will be only beneficial," Lyuben Kozlev, deputy chairman of the present Elektronika Association, told us. "International division of labor is economically profitable. Our sector has the highest rates of development, because we have a stable sales market. Electronics now makes up 30 percent in Bulgarian exports. However, only about 10 percent of the exports go to the world market and 65 percent, to the USSR. And so we realize perfectly well where our biggest 'piece of the pie' is. However, friendship is not condescension to each other, but a reliable business partnership. And we must orient ourselves toward the world level and the highest quality in order to retain the vast Soviet market for us. Firms and our state are vitally interested in this."

Apparently, presently existing vertical lines of management with the transition to the firm system change, because the very role of the state changes. It will now manage firms not by order methods of the administrative apparatus, but through a system of taxes, wage rules, price formation, and state orders. State orders are to be concluded according to contracts on a competitive basis and should not occupy more than two-thirds of a firm's production capacities. This is stipulated especially in the ukase. State orders are needed for the fulfillment of international obligations and for safeguarding security, planned basic national balances, and strategic social policy objectives. The state reserves for itself the right to a large-scale effect on the economy, but gives up petty tutelage.

The fact that now the state will no longer be responsible for the unprofitable activity of firms is no less important. We have become accustomed to the fact that, once an enterprise is established, it will exist forever. It will be supported with grants, subsidies, and "writing off" of debts despite any losses. In Bulgaria many enterprises are now unprofitable. And here people have realized that it is time to stop supporting enterprises that are ruinous for the country.

It is not accidental that all firms must be officially registered in local courts and not in some other state body. If within 60 days a firm does not fulfill its financial

obligations owing to the lack of money in its accounts in banks, they declare it insolvent. After that monthly negotiations are held between the firm and creditors. If an agreement is not reached, the bank must notify the district court within a period of 3 days. On this basis it will start proceedings to declare the firm's insolvency. After the decision on bankruptcy the court appoints the firm's liquidator. It can be sold to another owner, reoriented, divided into smaller ones, or simply stop its existence with the sale of property. There are many alternatives. In any case it will not remain hanging on the state's neck. Workers will receive severance pay and time for retraining.

We have discussed only basic directions in the new economic reform. It is clear that its implementation will encounter big difficulties. The deep-seated habit of the state apparatus to manage the national economy with command, not economic, methods is the main one. An intention does not always coincide with reality. However, we give credit to the fact that Bulgaria ventured this step and wish it success.

#### **Finnish-Soviet Agreement on Capital Investment Protection**

*Moscow EKONOMICHESKAYA GAZETA in Russian, No 7, Feb 89 p 21*

[Article by A. Surikov: "Agreement on Investment Protection"]

[Text] The first inter-governmental agreement on assisting the realization and mutual defense of capital investment in the history of the USSR's foreign economic contacts with capitalist states was signed the Finnish capital. USSR finance minister B. I. Gostev and Finnish finance minister Erkki Liikanen signed the document on behalf of their governments.

The main sphere of activity for the agreement is the creation of Soviet-Finnish joint ventures. This agreement in a new step in the realization of government agreements on the creation of joint ventures.

The agreement concerns such key questions for foreign capital investors as the guarantee of unhindered transfer of profit, the resolution of controversial matters between the investor and the state, and the determination of the sphere of activity for joint ventures.

The fact that the first agreement of a type new in principle to the USSR has been concluded with Finland is completely natural. It reflects the breadth of scope and the dynamic character of the economic trade relations between two neighboring countries.

As E. Liikanen underscored at the signing ceremony, Finnish firms were among the first participants to establish joint enterprises within the territory of the USSR by attracting foreign capital. Today, over 30 such enterprises with Finland have been registered. In other words,

Finland participates in approximately one out of seven of the projects of this type created in the Soviet Union. This testifies to the Finnish firms' extremely active aspirations to make use of the opportunities presented by the restructuring of the Soviet economy.

E. Liikanen stated that the agreement is an important element in the implementation of the long-range program for the development and deepening of economic trade, industrial, scientific and technological cooperation between Finland and the Soviet Union. The program, which has been extended to the year 2000, puts heavy emphasis on issues of creating joint ventures. In his speech, USSR finance minister B.I. Gostev pointed out that the new document regulates not only the issues of creating joint enterprises on USSR territories, but of joint entrepreneurship with Finland. This means the activity of combined joint-stock companies with the participation of Soviet enterprises, which by tradition play a major role in the two countries' trade. The minister said that he would like to emphasize once again that the Soviet Union pays constant attention to the development of economic-trade cooperation with Finland on a basis of friendship, and to searching for and expanding its new forms, increasing the volume of mutual trade.

**U. S., PRC Family Farm Experience Discussed**  
*18250097 Moscow SELSKAYA ZHIZN in Russian*  
*12 Feb 89 p 3*

[Article by V. Yeremenko, doctor of economic sciences and professor in the Department of Political Economy, Ukrainian Agricultural Academy: "Family Farms in China and America"]

[Text] The problem of large-scale and small-scale production in agriculture has been the object of close attention in agrarian science for many years. The critical nature of this problem has sharply increased today under the conditions of restructuring.

The tremendous harm inflicted on agrarian science in the past by the notorious "expenditure methodology" and the "gigantism" in thinking directly associated with it is well known. The idea gradually took root in our science that economic progress is related primarily to an increase in an enterprise's size, which supposedly leads to reinforcement of its socialist nature.

But what is generally considered "small-scale" and "large-scale" production? If five or six workers joined in genuine, not formal, labor cooperation have a vested interest in the results of their work and produce five to 10 times more output for each person employed in agriculture, with the aid of modern equipment and advanced technology, than the workers in a large sovkhoz or kolkhoz with their vast and often inefficient labor inputs, the former probably have to be considered large-scale with more justification than the latter.

Until now we have been reaping the fruits of the extremely persistent notions that the food problems can be resolved by saturating and oversaturating farms with equipment without touching upon the entire technology and socioeconomic organization of production.

Historical experience in socialist reforms in agriculture in our country and other socialist countries has shown that unilateral absolutization of the advantages of large-scale production over small-scale production does not prove its value. And as extensive foreign experience demonstrates, the objective lies in the **best combination of large-scale and small-scale (medium-scale) production.**

In agriculture, as in no other area of human activity, a routine approach is harmful. Failure to take specific conditions into account, haste in removing the so-called "obsolete forms," and "gigantism" in thinking have already inflicted and are capable of still inflicting considerable harm. Counting on consolidation and intensification at any price, without taking into account the real socioeconomic structure of a specific region which took shape over a long period of time is doomed to failure.

The "family farm," based on a family contract and a family form of labor organization, is an important variety of small-scale production in agriculture under current conditions. The development of such enterprises in Lithuania, Estonia, Georgia, and the Ukraine can serve as an example. The experience of foreign countries, China in particular, is no less interesting.

Since the early 1980's, the basic form of organizing agricultural production in the PRC has been the system of "contract responsibility for a peasant farmstead," that is, a family farmstead contract. Arable land was divided up and leased to peasant farmsteads for periods of 16 to 30 years. The average size of a plot (depending on the number of mouths to feed) is 0.8 hectares and the average rent is 200 yuan per year. The state purchases roughly half of what is produced by the peasant producers, about 4 to 5 percent of the output is sold in the free market, and the rest is consumed by the peasants themselves. It would be incorrect to depict the small-scale, unorganized "family contract" as the predominant form of organizing agriculture in China. There are 500,000 cooperatives of various types in this country's agriculture at present: market, consumer, and production cooperatives. The current system of organizing agricultural production in the PRC is made up of the three most important components: the peasant farms are at the foundation of the pyramid, the various farms of cooperatives are the central component, and at the top is the state, which orders and purchases the agricultural output. An important feature of the modern Chinese countryside is that practically all the cooperatives which are now functioning were developed by the peasants themselves with a minimum of assistance from the state. The present Chinese leadership defines the processes taking



place as "cooperation from below," as distinguished from the "cooperation from above," which existed in agrarian construction in the past and proved its inefficiency.

However, the impressive successes of agriculture in the PRC based on the small-scale family contract do not yet make it possible to speak of the superiority of small-scale production over large-scale production. Small-scale production makes it possible to perform tasks to increase the efficiency of agriculture through intensification of manual labor and based on small-scale mechanization. But as Chinese economists point out, these opportunities have been practically exhausted. A further increase in agricultural production requires a fundamentally different technical base and a great number of problems are already developing today: manual labor, backward farming methods, depletion of the soil, and breakdown of the irrigation systems.

In this connection, the American family farm's way of conducting agricultural activity is very revealing. For a very long time the "family farm," in which the family's own land is cultivated using its own implements, based on work by the family, has been proclaimed by bourgeois propaganda as the model for agricultural work in general. The most durable of American myths, which is propagandized more than the others—the myth of the so-called "family farm"—relates to precisely this type of farm. The central idea in this doctrine is that personal, small-scale agricultural activity with private ownership is much more efficient than a large-scale, public, socialist operation. At the same time, a frank distortion of the concepts has taken place. It is common knowledge that most of the food in the United States is produced in large-scale, mechanized systems that are industrial in nature. That typically "American way" of developing agriculture which led to the predominance of large-scale agrarian and monopoly capital in the agrarian sector of the economy after the broad working masses of farmers had been ruined and squeezed out is also well known.

American agriculture today is a combination of large-, medium-, and small-scale business undertakings. Thus, out of 2.285 million farms, 337,000 (14.5 percent of the

total number), which have an annual commodity production sales volume of over 100,000 dollars per farm, produce over 73 percent, that is, nearly three-fourths, of all commodity production. Nearly 50 percent of all commodity production is turned out by 108,000 farms, and 31,000 of the largest farms sell commodity production valued at over a half million dollars each every year. The farms named can be considered in a large-scale category for the output they produce. At the same time, there are 1.638 million farms in the country (70 percent of the total number) which turn out only a little over 10 percent of all commodity production. This category of farm is regarded as small-scale.

The most diverse types of farms are represented in U. S. agriculture today, but the "family farm" (once the model of American farming) has ceased to correspond to the level of productive force the farmstead contract in the PRC, and the "family farm" in the United States, with the outward similarity in their family basis, reveal a striking dissimilarity in its socioeconomic manifestations and the uniqueness of this phenomenon in each specific case, precisely for the reason that the specific conditions are different. Depending on specific complex conditions, a family enterprise may be sensible and justified in one country or another, it may be the only one possible under specific historical conditions, or it may not fully correspond to the increasing level of development of a society's productive forces.

Solution of the problem of large- and small-scale production in agriculture does not boil down to a contrast between the two, especially to a negation, a prohibition, of some specific form of it which seldom exists; it lies in the best possible combination of the different forms, in a union that is not forced and mutually complementary, in a "peaceful" coexistence of the different forms of farming.

## Secrecy in U.S. Defense Budget Process Discussed

18070556 Moscow ARGUMENTY I FAKTY in Russian  
No 10, 11-17 Mar 89 p 3

[Commentary by L. Rodionova, scientific associate at the Institute of the USA and Canada: "The U.S. Defense Budget: Openness or Secrecy?"; first two paragraphs are editorial introduction]

[Text] They say that the USSR defense budget will soon be declassified. Would it not be expedient to use the experience of the United States in this work since the most varied information is published there about the activity of the defense department?

L. Rodionova, scientific associate at the Institute of the USA and Canada, comments on this.

In line with the principles of the U.S. Constitution, all spending on programs implemented by the departments is monitored by the main legislative organ—the U.S. Congress.

Scrutiny and approval of the Defense Department budget in the Congress take place in the form of hearings at which all matters connected with funding for the overwhelming majority of military programs are examined. These hearings take place separately in the House of Representatives and the Senate. Here, in most cases permission is given for public discussion by leaders in the Department of Defense of programs for the development of weapons systems. Not only members of the Congress and representatives of the Department of defense but also representatives of business circles and companies that are Defense Department contractors, and of universities, state departments, public organizations and the press are invited.

At the end of the long and stormy debates, the reports containing the stenographic record of matters connected with the activity of the Department of Defense come out. And those reports are published.

It is important that the budget of the Defense Department is also carried in the press as part of the overall state budget.

In addition the annual report of the Secretary of Defense to the Congress is published; this contains a reflection of virtually all defense issues, the main provisions of military policy and strategy, the military budget, the structure of personnel in the armed forces, programs for weapons systems development for the branches of the armed services, procurement costs for programs, expenditures for research and so forth.

These, in brief, are the kinds of democratic procedures of the open discussion of the U.S. defense budget.

But for any person with common sense it is obvious that national defense is a sphere of state management in

which it is essential to keep state secrets and institute a regime of confidentiality. In the United States this problem is resolved in several ways. First, some of the hearings in the Congress take place behind closed doors or parts of open hearings are classified. But the main way to maintain secrecy is the existence within the framework of the overall defense budget of a so-called "black" or secret budget from which "black" military programs are funded. To some extent this concept is in line with the programs singled out in Department of Defense internal documents as programs for which special clearance is required.

The U-2 spy plane, for example, was developed within the framework of such programs, as were the cruise missile, intelligence-gathering satellites and the F-19 fighter.

Until recently "black" programs were totally hidden from the public gaze and even from the U.S. Congress itself. It has only been recently that information directly connected with the growing spending on these programs has been carried on the pages of American newspapers and journals, where not only are there cost assessments of the secret military budget but the question is also being raised of how necessary such top secret programs are.

Spending for all programs is reflected in the U.S. military budget.

The "black" programs are hidden in the Department of Defense budget by various means. First, spending for a "black" program is not shown in the spending items but described under a code name that has nothing to do with them; for example, "White Bear," or as a very general description that does not reveal the essential nature of the item. In this case only the total sum is indicated for the allocation for the program. A second method is to cover spending on "black" programs in quite different budget items. These could be military developments, spending for military personnel, or operating expenses. In principle the secret budget can be hidden in any item of the military budget, and this creates enormous difficulties for calculating the amount. For example, in the Air Force, under names that mention nothing about budget allocations, such as "selected activities" or "other production expenses" American experts have found \$13 billion of "black" spending.

## Construction of U.S.-USSR Center Concerns Leningraders

18250080 Leningrad LENINGRADSKAYA PRAVDA  
in Russian 8 Feb 89 p 3

[Interview by O. Aleksandrova with A. N. Alfimov, Lensovet ispolkom Main Administration on Capital Construction chief and chairman of the Lensovet ispolkom work group for developing conditions and substantiating possibilities of construction: "Let Us Wait At Least Until July". First two paragraphs are source introduction]

[Text] Two months have passed since the departure from Leningrad of the representatives of the American Cyrus

Eaton World Trade Company, who discussed in the Lensovet ispolkom the possibility of creating a joint enterprise for the construction and operation of a large tourist, cultural and recreational center. From this moment on, the passions have flared in Leningrad with growing fervor. As usual, there have also been some rumors and fabrications. This is clearly evidenced also by the numerous letters dotted with question marks which the editors of LENINGRADSKAYA PRAVDA have received.

We asked A. N. ALFIMOV, the chief of the Lensovet ispolkom Main Administration on Capital Construction and chairman of the Lensovet ispolkom work group for developing conditions and substantiating possibilities for construction, to answer the most characteristic of these questions.

[Alfimov] To start with, I would like to say the following. The fact that the idea of building the Center has stirred up Leningrad is quite understandable. This testifies to the healthy interest of Leningraders in the fate of their city and their legal right to know about everything associated with it. Moreover, in this increased interest I see the way for a conscious and broad participation of Leningrad residents in the solution of many problems which have come to a head.

[Aleksandrova] Yet you must agree, Aleksey Nikolayevich, that clarity must be introduced into each situation in a timely manner. Yet Leningraders, we might say, are indignant because such an important problem in the life of the city is not being presented for broad public discussion.

[Alfimov] It is because right now there is still nothing to present for discussion.

[Aleksandrova] ??? Yet they speak about signed documents, everyone is discussing the loss which will be inflicted upon the ecology and the state budget...

[Alfimov] The only document which has been signed to the present day is a protocol of intent. And intentions are just that—intentions. The parties have agreed to discuss merely the possibility of creating the Center.

Preliminary discussion has been held only regarding the proposed site of the proposed construction—the area of the Lisiy Nos settlement, as well as the preliminary conditions for operation and development of the Center.

We have made no secret of this. The proposals of the American side were discussed at an expanded meeting of the Glavlenarkhitektura [Leningrad Architecture Main Administration]. A broad circle of specialists and public leaders were present at this meeting, including Academician B. B. Piotrovskiy, Chairman of the Leningrad section of the Culture Fund and USSR People's Artist A. A. Mylnikov, writer Daniil Granin, and others. I have

already had occasion to answer many of the questions posed by Leningraders in radio and television interviews and at meetings with the residents of the Lisiy Nos settlement.

[Aleksandrova] Yet, judging by the editorial mail and the appeals to Lengorispolkom [Leningrad city ispolkom], Leningraders are not satisfied with the answers due to their lack of specificity.

[Alfimov] We are telling everything that we ourselves know for the present day. There is, I repeat, merely a development of the idea itself.

[Aleksandrova] Nevertheless, let us answer the questions of Leningraders, if only based on the preliminary outlines. Many are concerned, as they say, by the "gigantomania" expressed by the very idea of the Center. In principle, they believe the massive construction undertaking to be economically unsubstantiated. They speak as if they were discussing an already adopted specific project.

[Alfimov] As I have said before, as yet there can be no discussion of any specific project. There is only a general conception of the Center, which includes three complexes: the first—for recreation, trade and attractions; the second—for culture, technology and education, and the third—for sports and health. And today, working parallel with the American partners, the Leningrad group which I head up is conducting only a development of the technical-economic substantiations. These will serve for the development of a specific joint project.

It is assumed that the technical-economic substantiation will be ready by July of this year. Then the volumes of construction and the capacities of the transport and engineering infrastructure associated with it will be more or less defined. Then we will be able to decide whether [this project] is beneficial to Leningrad or not. For now, you must agree, the conclusions of categorical opponents based on "I don't want it!", just as equally categorical replies of "but I do want it!" arise sooner from the sphere of emotions and ambitions.

As for the discussions on the principle economic inexpediency of such a large Center, I am personally convinced of the opposite by the rather successful experience in the operation of centers for leisure and recreation in many foreign countries which are analogous in scope.

[Aleksandrova] We might add that practically all the letters contain the question: Where did this outlandish notion of the Center come from? And are we really capable of handling the construction by ourselves?

[Alfimov] The idea itself is certainly not outlandish. It has been discussed for over 10 years in the scientific, cultural and social circles of Leningrad. It arose from the extreme shortage in meeting the demand of Leningraders

and visitors to our city for opportunities to visit museums, theatres, exhibits, for participating in sports, for accommodations, family recreation, and organization of leisure time of children and young people. In general, it is a shortage of everything which may conditionally be called the cultural leisure time industry. We might add that according to the conclusions of specialists, Leningrad has already exhausted its capacities within the limits of the existing sectors of leisure activities. We do not have to speak of quality here. As a result of a comprehensive evaluation of the situation, it has become clear that without a radical change in the approach to solving these problems, the city will simply suffocate. Therefore, we may say without exaggerating that life itself has given rise to the idea of creating the Center, and at a qualitatively new level.

The idea of the Center received a more clearly defined outline in the general plan for development of Leningrad and the oblast. Lensovet ispolkom Chairman V. Ya. Khodyrev spoke about this in his interview with LENINGRADSKAYA PRAVDA (cf. LP dated 14 November 1987—ed). Yet neither then nor later did the Lensovet ispolkom receive any objections or counterproposals. We might add that the same interview expressed the supposition that: [We must] discuss the possibility of creating a Center for leisure activity by the method of public building and with the involvement of enterprises, since, due to the city's shortage of funds, it is impossible to build such a Center within the time framework of the General Plan. There were no responses to this proposal either from Leningrad enterprises or from the community. Yet can you name such enterprises? Not one of our industrial giants is yet in any hurry to invest even a small portion of its profits in developing the sphere of leisure activity for people who, after all, are its very own workers.

As for the Leningrad budget, as you have all read in our newspapers, it has a great deficit for 1989.

The possibility of accelerating the question of bringing the Center idea to life appeared with the expansion of the Lengorispolkom's authority in foreign economic activity, when we received the right to independently create joint enterprises.

[Aleksandrova] This moment concerns some of the authors of the letters. They believe that we will simply turn out to be insolvent partners, since our cumbersome system of management which exists at the enterprises and organizations is not ready to successfully interact with the flexible style of operation of foreign companies.

[Alfimov] Yes, our managers, we must honestly admit, are not ready for that. And when have they had the time to get ready? They are only now beginning to rid themselves of their administrative chains. After all, it is not shameful not to know something. The shame is in not wanting to learn. And, I believe, it would not hurt any of

us to learn from the school of American entrepreneurship. I might add that we are learning even today, as we go along, one might say. Thus, the cost accounting organization "Leningradimpeks" has been created under the Lengorispolkom, which should become a good foundation in the foreign economic activity of the city.

[Aleksandrova] The participation of the American company concerns Leningraders in another aspect as well. What are the proposed conditions for agreement with it? Could it be that a sort of "American private domain" might arise within the city, and might not the interests of Leningraders and Soviet tourists be hampered?

[Alfimov] There can be no question of any "foreign private domain". First of all, joint enterprises created on USSR territory operate in accordance with Soviet laws. Secondly, the management of such enterprises operates under the chairmanship of a USSR citizen. The land area which will be relegated to the joint enterprises in the case of a positive resolution of all questions will, in any case, remain ours, and will be given to this enterprise only under a lease agreement. Here is an analogous example. After all, it would never occur to anyone to consider the territory of the shops of the "Lenvest" joint enterprise to be a foreign domain.

[Aleksandrova] Very many of the letters note the extreme, to put it mildly, inexpediency of channeling funds, materials and labor resources for the construction of the Center at a time when many acute social problems have not yet been solved in Leningrad, and primarily the housing problem. Another group of authors categorically objects to the fact that this Center be built at the expense of development of existing and creation of new facilities of social-cultural function.

[Afimov] First let me address the second half of your question. I would especially like to stress that the Center, if the idea of its creation receives support, will be built not instead of, but in addition to the facilities which are envisioned in the city's plan for social-cultural development.

Now in regard to the funds. Not one ruble from the city budget will go for the development of the Center. Perhaps credit will be taken at one of the Soviet or foreign banks, or bonds sold to raise money for this purpose. Also, all the profits of the Soviet side, including the currency portion, after payment of 30 percent to the all-union budget, will remain with the Lengorispolkom and may be directed at the discretion of the city Soviet of People's Deputies toward the city's most immediate needs.

The volume of labor resources which will be diverted will be insignificant, since the main portion of the construction-assembly operations and installation of equipment will be performed by the foreign companies.

[Aleksandrova] Many people have formulated the opinion that the Center is intended exclusively for foreigners. In this case we might ask—what do Leningraders need it for, if they will not be able to afford it?

[Afimov] Nothing of the sort. We never intended this Center to be only for foreign tourists. If it will be built, it will be for everyone. According to approximate computations, it will be visited daily by around 300,000 Leningraders and guests to our city from all parts of the country.

Yet some types of services—primarily this will be trade in stores of the "Berezka" type—will be provided only for convertible currency. That same currency which the city needs so much and which it must earn. This, we might add, will also affect the development of our economy. This means that it will bring the day closer when our ruble will also become convertible.

What does the Leningrader need the Center for? Just imagine that, coming to the Center with your whole family, in a single day off you will be able to show your children the planetarium and the zoo. Mother will be able to visit a first class beauty salon. At the same time, father can go to a sports workout. Then, together with the children, they can dine in a cozy cafe, take a boat ride or walk in the park where tame animals roam free. Or they might visit an exhibition hall where they can see the masterpieces of the Hermitage and the Russian Museum which are currently being kept in storage.

Dreams? Why, it is simply that we do not know normal services and therefore have a fearful attitude toward big projects. It is simply hard for us to imagine that there can be attractions without lines, that there can be enough lemonade to go around for everyone, that one can simply take a swim in a pool, and finally, that the customer really is always right. As for the prices on all these services, these too will be determined by technical-economic substantiation. Let us wait until it is realized, and then we can see whether we can afford it or not.

[Aleksandrova] The residents of the Lisiy Nos settlement are categorically opposed to their neighborhood being torn down...

[Afimov] Why, who told you the settlement was going to be torn down? This was repeatedly discussed publicly, and I repeat once again: no one is planning to do anything of the sort. These are simply inciting rumors. Moreover, through the efforts of the joint enterprise, if it is fated to be, Lisiy Nos will be improved. The streets will be paved, sewers, water lines and electrical networks will be installed.

In the case of demolition of individual houses, which may be, for example, along the routes of the engineering networks, and I stress—only individual houses, this in principle is not excluded, all the concerns for moving houses and structures, for construction of new cottages

and settlement in a new place, including moving household goods to the new location—all this will be taken care of by the joint enterprise. No one's rights will be infringed upon here by a single iota.

[Aleksandrova] Yet the residents of Lisiy Nos are rightly perplexed. There are people are walking around their settlement and surveying the houses. What for?

[Afimov] The survey of houses was conducted by the project-inventory bureau of the raysovet ispolkom. Such an inventory is necessary in each rayon, especially in places where there are old wooden structures, in order to truly determine the condition of the housing fund. In Lisiy Nos it was necessary to do this long ago. And in essence, the development of the idea of the Center prompted them to finally determine what condition the settlement was actually in. As for the fact that in [conducting the housing inventory] they were not able to explain everything to the people and got them upset for no reason—why, it is no secret that in our services there are still many workers who do not know how to explain things to people.

[Aleksandrova] Leningraders are very disturbed by the fact that the construction of the Center might worsen an already unfavorable ecological situation in Leningrad, and specifically in the rayon of Lisiy Nos and Levashovskaya pustosha.

[Afimov] Let us think about this in a sober manner. What normal businessman would invest money in an ecologically unpromising project? Yet today the unfavorable condition of Neva inlet and the eastern part of the Gulf of Finland causes great concern. The USSR Academy of Sciences Leningrad Scientific Center Presidium has named a group of expert researchers to evaluate the situation which has arisen and to work out recommendations for restoring the ecological health of the Neva delta. The expert commission will conclude its work in April of this year. The results of the studies, as well as the conclusions of the commission as an independent organ, will be used as the basis for the expert evaluation of the Center project.

The decision on who should conduct the expert evaluation of the project has not yet been made. The question on the expert investigation may be objectively resolved only when the technical-economic substantiation has been completed and at least approximate project outlines have been developed. For now I can only say that the possibility of installation of sewer and rain collector networks in the settlement of Lisiy Nos and the adjoining territory is being discussed. The variant of silting the bank to cover the shallow "stagnant" sections and improve the hydrological conditions in the coastal zone seems preferable. This would also make it possible to preserve the forest areas and to conduct the building on territories which have been taken away from the sea.



All the materials concerning the construction of the Center, including the results of the expert investigation, will become the property of the public and will be presented for broad discussion. Then our "we should—we shouldn't" which is still abstract today will take on the dimension of computations, figures, and analysis. Therefore, I propose that we leave emotions and ambitions aside and wait for the specific results of the development of the Center's concept, which will give us specific arguments and counter-arguments.

### U. S. Intensifies Efforts to Maintain Influence in Asia-Pacific Region

18070137 Moscow *SOVetskaya Kultura*  
in Russian 25 Feb 89 p 1

[Article by Grigoriy Oganov, *SOVetskaya Kultura* political commentator: "The Pentagon's 'Black Hole'"]

[Text] In the world press, especially the Western press, the idea has existed for a long time that the real situation in the world, where matters concern relations between the developed capitalist and underdeveloped or developing countries and the military situation in them, is best described by the famous Rudyard Kipling line: "East is East and West is West, and never the twain shall meet..."

These lines, which have been transformed, or rather distorted, by the human memory and human (more accurately, completely inhuman) interests into an eternal precept, are almost a natural confrontation, as if they predetermine the place of each country on the economic and political maps of the world.

Notions about certain "rules of conduct" of one country or another were propagated by imperialism at the same time. It was as if some were preordained to be the supreme masters and supreme judges who had it in their power to punish or pardon; others—the underdeveloped—were destined since early times to the fate of colonial countries, as if they were raw material appendages to the powerful and ruthless capitalist world, mercilessly exploiting the natural resources of the peoples populating Africa, Asia and Latin America.

In our "postcolonial" time, following the example of the latter-day "geopoliticians," even the notion of a "North-South" bond made its appearance; the former was assigned the role of the highly developed side industrially and militarily, and the latter was assigned the role of obediently carrying out the will of the "civilized" world, that is to say the insatiable, greedy and vindictive transnational monopolies. The North, which had a false idea of its importance as the sovereign of the planet, slipped the leash over the countries in the South, which were weak economically, industrially and financially, and for this reason found themselves dependent upon

the powerful "northern neighbors" without daring to conduct their own nationally based policy and forced to obediently listen to the strong ones in this world—the imperialist powers.

So a kind of trap was developed for entire groups of countries—military-political blocs such as SEATO, CENTO, ANZUS, and so on and so forth. A policy pleasing to the Northern imperialists was conducted in them with varying degrees of harshness. Different kinds of geopolitical concepts corresponding to such attitudes have appeared which consolidate the old and newly invented stereotypes: "the Indian Ocean is a zone of U. S. vital interests," "the Pacific Ocean is an American lake," and so forth.

The Asia-Pacific region is now attracting general attention with a combination of problems which are typical for this region of the globe. There are diverse and often contradictory problems. Some of them have been inherited from the distant past and are associated with traditional ideas of the historic destinies of countries in the region. Others have been dictated by our time and interpreted as conflicts which have occurred in abundance in the countries of Asia, Oceania, Southeast Asia and their neighbors, as well as the surprising fact that in literally the past two or three decades many of these countries have progressed rapidly in their industrial development.

The latest and most complex sectors of modern industry have been developed especially intensively here, and precisely in those countries which traditionally produced mainly light industry commodities, handicraft trinkets and souvenirs for the West European and American tourists that passed through. This refers to Malaysia, Singapore, Taiwan, and South Korea, not to mention Japan, which long ago claimed the right to leadership in the electronics industry and has been pressing the United States considerably in international markets, including the American domestic market. Even in such a traditionally "American" area as the manufacture and sale of motor vehicles.

Very likely the only area in which the United States retains its position in foreign trade operations is in weapons and the Hollywood fabrications of "mass culture," which are unequalled in intellectual primitivism and the technical perfection which contrasts with it.

The term "black hole," into which all the United States' attempts to win back the markets rapidly being lost for American goods in Asia (not only in Asia, though) are collapsing, appeared not so long ago in the American press. I do not know how legitimate this image is for such an interpretation. I would have used it in a somewhat different sense. A "black hole" would have to be the political and military direction which American diplomacy has added to its armory by straining to hinder the positive influence on countries in the Asia-Pacific region

of the clear and constructive Soviet proposals formulated by M. S. Gorbachev in his speeches in Vladivostok and Krasnoyarsk, as well as the Soviet leader's address at the UN General Assembly session.

It is now intensively "publicizing" the maneuvers by the American and Japanese navies, which are gigantic in scale and completely provocative in the geographical area that was chosen, it is persistently repeating the "extreme necessity" of retaining the American military

bases in the Philippines, the Japanese islands and South Korea in spite of demands from the local public, and it is brashly holding forth about "the Soviet military threat."

In the war department of the United States, they obviously are hoping to turn the Asia-Pacific region into a support base for their long since compromised "position of strength" policy. This frankly negative line is truly the "black hole" in the Pentagon's military-strategic marching orders.

**Europe's Aspect in 1992 Viewed**  
18250048 Moscow *SOVETSKAYA ROSSIYA*  
in Russian 4 Dec 88 p 5

[Article by S. Volovets under the rubric "The World Yesterday, Today and Tomorrow": "Integration or Isolation—Where Will Europe Be in 1992?"]

[Text] On the Greek island of Rhodes a meeting at the highest level was concluded—12 chiefs of state and leaders of the member nations of the European Economic Community. The session took place in a Middle-Ages fortress and the main topic of discussion was the project which has come to be known as "Fortress Europe," an ambitious plan to establish in the 12 countries by the end of 1992 a completely free market of manpower, products, capital and services for their 320 million inhabitants.

Much has been said and written about this recently, although the idea is already 4 years old, and along with setting tasks to be accomplished in the future, certain conclusions were reached at the Rhodes conference. Many people say that almost nothing has been done over half the time which has been devoted to creating a "united Europe." This is not true. Realization of the economic aspect of the project is moving along possibly faster than might have been thought. Today there is essentially not a single significant production firm in Western Europe oriented solely on its own country's market rather than on the "Common Market." Hundreds of mergers of major companies in various countries have taken place, and thousands of smaller firm mergers. An unprecedented unification of production, trade and consumer standards is proceeding at full speed.

Of course, a great deal remains to be done here. The EEC staff headquarters in Brussels has already charted 285 complex regulatory measures for 1992 covering the most diverse aspects of the lives of these countries. But this has not evoked the most argument at the Rhodes conference.

The completely open market envisages, at the time of its establishment, the creation of a similar kind of political alliance, which would transfer a significant share of the sovereign rights of each country to unified EEC agencies. The various nations support this concept in varying degrees. Greece, for example, the host of the current conference, has expressed very serious reservations. But the main obstacle on the road to achieving this aim is the position taken by Great Britain. The chief reason behind Britain's stance is the strong body of "non-European" interests London has everywhere in the world which often contradict the intentions of her EEC partners. We may recall that England was not among the countries signing the 1957 Rome agreement which established the Common Market. It long resisted this and entered the

EEC some time later under the pressure of economic necessity. Political traditions of very long standing also hinder Great Britain from waiving part of its national sovereignty with respect to internal affairs. Thus, the main task of the Rhodes conference was to soften Margaret Thatcher's position. How successful this was will not be evident from the official communique, but will be seen in the course of developments at the beginning of next year.

The British Prime Minister is of course not alone in opposing the plan under discussion. Unions in many countries fear (and justifiably so) the creation of a "Europe of businessmen" where the rights of the working class will be "united" in the interests of entrepreneurs. The United States fears (also with justification) that political integration will strengthen the isolation of these countries from America.

Therefore, there was also discussion of relations between the EEC and the United States, as well as East-West relations, including those between the socialist countries of Europe and the Common Market countries. Other international issues were also discussed.

**Changes in Social, Class Structure in Northern Europe Examined**

18070109c Moscow *RABOCHIY KLASS I SOVREMENNYI MIR* in Russian  
No 5, Sep-Oct 88 (signed to press 22 Sep 88) pp 132-140

[Article by Valentin Vladimirovich Peschanskiy, doctor of historical sciences, lead researcher of the USSR Academy of Sciences IMEMO: "Changes in the Socio-Class Structure of the North European Countries"]

[Text] The gradual convergence of the socio-class structure of different capitalist countries in line with their economic (and political) development is evidently a general trend. This may be traced in the example of North European countries also.

Immediately following WWII and a quarter-century ago even there were very appreciable differences between these countries. On the one hand Sweden with a high degree of development of capitalist society and the practical absence of vestiges of the old in its structure; on the other, Finland, where industrialization was developing rapidly and there was a peasantry which was considerable in terms of proportion of the population and far from fully differentiated in a class respect. Accordingly, in the first of the above-mentioned countries the proportion by 1960 even of "independent proprietors" was very low, but was twice as high in the latter. Iceland, Denmark and Norway were "between" these two extreme types, as it were (see tables 1 and 2).

**Table 1. Distribution of Employed Civilian Work Force per Main Sectors of the Economy (%)\***

		1950	1960	1970	1980	1985
Sweden	I	20	15.7	8.1	5.6	4.8
	II	40	40.3	38.4	32.2	29.9
	III	39	44	53.5	62.2	65.3
Denmark	I	35	18.2	11.5	7.1	6.7
	II	35	36.9	37.8	30.4	28.1
	III	40	44.8	50.7	62.4	65.2
Norway	I	30.5	21.6	13.9	8.5	7.2
	II	34.1	35.6	37.3	29.7	27.8
	III	35.4	42.9	48.8	61.8	65
Iceland	I	36.9	23.5	18.5	12	10.5
	II	31.8	35.3	36.9	38.2	52.7
	III	31.3	42.6	44.5	49.8	55.1
Finland	I	45	36.4	22.6	13.5	11.5
	II	29	31.9	34.6	34.6	31.9
	III	25	31.7	42.8	51.8	56.5

\* I = agriculture (together with forestry, hunting, fishing); II = industry (including construction and water, gas and power supply); III = services (including transport and communications).

Sources: "Manpower Statistics," OECD, Paris, 1963; "Labour Force Statistics," OECD, Paris, 1969, 1975, 1983, 1984, 1987; Kerkalla, "Development Features of the Finnish Class and Stratum Structure in the Twentieth Century," Madison, 1982; T. Toivonen, "The Entrepreneurs in Denmark, Finland and Sweden 1930-1970," ACTA SOCIOLOGICA No 3, 1985.

**Table 2. Proportion of Wage Workers and 'Independents' in Employed Civilian Work Force (%)\***

		1950	1960 <sup>1</sup>	1970	1980 <sup>2</sup>	1985 <sup>3</sup>
Sweden	I	77	84.3	89.1	92	92.7
	II	23	15.7	10.9	8	7.3
Denmark	I	69	77	79.4	85.1	87.6
	II	31	23	20.6	14.6	12.4
Norway	I	67.5	72.5	80.4	86.4	88.5
	II	32.5	27.5	19.6	13.6	11.5
Iceland	I	75.6	72.7	82.1	88.1	88.7
	II	24.4	27.3	17.9	11.9	11.3
Finland	I	42	35	76.4	82.8	85.1
	II	58	65	23.6	17.2	14.9

\* I = wage workers; II = independents (together with auxiliary family members).

<sup>1</sup> Sweden—1961.

<sup>2</sup> Denmark—1981.

<sup>3</sup> Iceland—1983.

Sources: same as for Table 1.

Since that time the differences have diminished considerably. As can be seen from the tables, all the other northern countries have now drawn close to Sweden both in terms of the proportion of persons employed in agriculture (and the sectors connected with them—fishing and forestry) and in terms of the proportion of “independents”. These two changes are obviously interconnected.

There has in the past 15-20 years been one further important change in the economy, and in the gainfully employed population accordingly: given the continued growth in the proportion of persons employed in a variety of services, the proportion of those employed in industry has begun to decline. This process is developing far less uniformly. In Norway, for example, the start of the development of offshore oil and gas deposits gave a certain boost to the development of industry, and as a result employment therein had risen in the mid-1970's (but subsequently declined once again). In Finland industrialization began and has continued later than in the other northern countries.

As far as services are concerned, employment has grown more rapidly in different periods in this sector or the other thereof: private—trade, finance, personal services and so forth—and state—the administrative machinery, health care, education, social security and such. The growth in state services in Sweden has been particularly rapid.

One further, albeit less precise (it is mediated by religious and other cultural-national singularities) indicator of the capitalist development of society is the degree of involvement of women in wage work. In terms of this indicator the countries of the European North have progressed also, simultaneously drawing closer to one another (see Table 3). There has been a strong growth in the proportion of married women among those in work here.

**Table 3. Proportion of Women in the Employed Civilian Work Force (%)**

	Denmark	Norway	Finland	Sweden
1965	34.8	29.8	44	36.6
1975	41.6	37.6	46.8	42.3
1985	45.2	43.3	48.3	47.1

\* No data for Iceland.

Source: “Labour Force Statistics,” OECD, Paris, 1987.

The influx of women into the army of wage workers has occurred simultaneously also in connection with the rapid increase in all countries and in all sectors of the economy in the numbers and proportion of office workers. Back in 1966 H. Kleven, former chairman of the Norwegian Communist Party, wrote: “The most notable

and important feature of the changes in the social structure is the tremendous growth in the number of office workers at public and private enterprises.”<sup>1</sup> Office workers are a highly heterogeneous category in both the professional and, primarily, social and class respects. It is significant, however, that practically all components thereof have grown.

As can be seen from the tables, the new phenomena in contemporary capitalism associated with the latest stage of the S&T revolution as a whole together with the structural crisis and restructuring of capitalism in the 1970's and 1980's and the conservative change in policy have not appreciably altered the general course of development of the social and class structure of the northern countries.

It would seem expedient in tracing certain trends in the social structure of society as a whole to examine in more detail the changes in individual classes and strata and then attempt to evaluate how all this is influencing the correlation of class forces.

The long-term trend toward a diminution in the role and numbers of “independent” proprietors, mainly of the petty bourgeoisie, in the gainfully employed population (a trend which has been halted and turned back in the United States and a number of West European states) has continued to operate in the northern countries in this period also.<sup>2</sup> However, given the high proportion of wage labor which had already been attained by 1970, its further growth has proceeded slowly.

The growth in the number and proportion of women employed in wage work has continued, but slowly also. The particular feature of the recent period in this respect has been the increase in part-time employment and work from home on the latest technical basis, which is beginning to spread.

The distribution of the work force among the main sectors of the economy has continued to change in the former direction: a slow decline in the proportion (small as it already was) of persons employed in agriculture and related sectors and the continuing move of manpower from industry into services.

As far as educational-qualifications changes are concerned, the general rise in the educational and skills levels of the working population has continued.

Thus there have been no decisive changes in the direction of the development of the class structure of society in the North European countries in the recent period. This is confirmed by the evolution of the main classes and the middle strata.

The numbers of the *bourgeoisie* may be determined only approximately. But for a description of this class a precise figure of its numerical strength is of no special importance. According to estimates, it accounts in the North European countries for 2-3 percent of the gainfully employed population.<sup>2</sup> The bourgeoisie is a social



group which is very strongly differentiated internally: in terms of the value of capital (magnates on the one hand, the average bourgeois masses on the other); by sector of the economy; in terms of functional-professional characteristics (rentiers, functioning owners, salaried top managers and directors); in terms of position in its class (capitalists directly—the nucleus—and the peripheral “servicing” strata—the ideologues, politicians and so forth—of this class). The particular detachment of the bourgeoisie connected not with private but with state and semi-state ownership may be distinguished also. There are also divisions in respect of other characteristics.

It is essential in the bourgeois class to distinguish several functional groups. First, the owners of the means of production (capital) in receipt of the basic income from the exploitation of the work force. On the one hand these are individual or family owners of firms. Their number has declined—according to census data, industrial enterprises in Sweden in 1965 were owned by 12,000 private persons, but in 1975, by only 3,000.<sup>3</sup> The same process is developing in the other northern countries. On the other, the owners of large blocks of shares, that is, partial owners of joint-stock companies. The big business magnates pertain mainly to the second category. As a special study showed, the proportion of owners of family industrial firms in Sweden's haute bourgeoisie is now quite negligible.<sup>4</sup>

Second, top managers and the main organizers of the process of exploitation at the enterprises, in various institutions and so forth. While not the owners of the basic means of production, these people are most closely connected with such owners and receive via “wages” enormous income, which is part of the surplus value. In the North European countries, as in other capitalist states, the directors and top managers frequently own large blocks of shares of their own and other corporations. The numbers and proportion of this stratum are increasing as the companies are converted into joint-stock companies.

Close to this group to some extent is another—high-ranking officials of departments of state, whose duties include providing the conditions for the functioning of the capitalist system of exploitation; they, a Finnish Marxist author has emphasized, “receive income as the result of the redistribution of surplus value and in an amount considerably in excess of the customary cost of manpower.”<sup>5</sup> The numbers of this stratum have grown as the machinery of state has increased.

One further specific group (coinciding to some extent with the preceding one or associated with it)—the top politicians and ideologues of the bourgeoisie, the “thinkers of this class,” as Marx and Engels put it<sup>6</sup>—should be distinguished. These are the capitalist upper strata of the professional classes: the leaders of major newspapers and radio and television corporations, the top ecclesiastical hierarchy, professional politicians from

bourgeois parties and so forth. The numbers of this group are small, but its function is highly significant, albeit a serving function to some extent.

The strength and power of capital are concentrated in the upper clique and top stratum of the bourgeoisie. It is here that its general line and strategy are formulated. This is a state-monopoly upper stratum consisting of the owners and managers of the biggest monopoly corporations and finance and industrial groups, the top bourgeois politicians and civil servants and so forth. A particular part in this stratum is played by the leaders of employers' organizations also.

The nucleus of this capitalist upper stratum is composed of two partially interweaving categories: the members of family finance and industrial groups controlling enormous capital (the best-known is the Swedish Wallenberg family) and the top managers of the biggest banks and industrial corporations. Owing to the relative narrowness of the domestic market, a particularly prominent role in the northern countries is performed by figures of corporations and monopoly groups associated with production for export, and in recent decades, TNC.<sup>7</sup> The power of the financial oligarchy is great. As a book by Swedish scholars emphasizes, monopolization is making all of society dependent to a growing extent on the decisions of several giant firms.<sup>8</sup>

The “state” component in the capitalist upper stratum of the northern countries is weaker than in the majority of other capitalist countries. On the one hand state enterprise is less developed in this region (with the exception of Finland), and, accordingly, the stratum of managers of state-owned and mixed state-private enterprises is narrower. On the other, the long period in office of the social democrats has not contributed to the conversion of the upper stratum of the machinery of state into part of the capitalist elite and its fusion with the financial oligarchy (although these processes have occurred here also on a more modest scale).

The bulk of the masses of the capitalist class of the northern countries is composed of the middle bourgeoisie, the owners and managers of not very large firms. They operate predominantly in services and also in the old, traditional sectors of industry. In Sweden and Denmark a pronounced place is occupied by big farmers, in Iceland, by the owners of the fishing fleet. In addition, part of the bourgeoisie is composed of “nonactive” owners of significant blocks of shares (rentiers).

The representatives of the middle bourgeoisie are usually less educated than the persons which are a part of the upper stratum of this class, more traditional in their views and less disposed toward flexible (“new-fangled”) methods of the exploitation and subordination of the workers and employees.

A new, socially sharply distinguished component has appeared most recently in the composition of the middle bourgeoisie: the owners of small businesses engaged in the development and use of the latest technology and operating on the basis of "risk" (venture) capital granted by banks or industrial corporations. These are usually highly educated people. They include many scientists and inventors.

A prominent place in the structure of society in the northern countries is occupied by groups which are located "between" the two main classes—the *middle strata*. They account for one-fifth to one-fourth of the entire gainfully employed population (a little more even in Finland—28 percent in 1980—according to G. Asplundh's calculations).<sup>9</sup>

The change in the overall numbers and proportion of the middle strata depends on the correlation of the dynamics of their traditional, propertied section (that is, the petty bourgeoisie and "old middle strata") and the new middle strata and wage workers.

The petty bourgeoisie in the North European countries is numerically small. This is the result of a long process of a decline in the proportion of petty proprietors in the economically active population, which has continued in recent years also; and a reduction, albeit not continuous, in their absolute numbers. The biggest reduction has been in agriculture (and in fishing and forestry, which are associated with it statistically). This is particularly pronounced in Finland, where, according to the 1950 census, rural proprietors constituted 36 percent of the economically active population, but 20 years later, only 17 percent, in Sweden, 14 and 5 percent respectively, and even in Denmark, 16 and 8 percent.<sup>10</sup> This process has continued in subsequent years. By 1985 the proportion of independent rural proprietors (together with auxiliary family members) in Finland had declined to 9 percent, in Sweden, to 3 percent, and in Denmark, to 4 percent. In Norway and Iceland it constituted 5 percent of the employed civilian labor force.

The economic situation of the mass of farmers is difficult. A heavy burden of debt looms over the majority of them. Endeavoring to remain "afloat," the farmers are seeking various means of supplementing their income. Work outside of the farm is becoming increasingly widespread. In 1983 Finnish rural proprietors (important ones included) obtained on average almost one-fourth of their income from wage work.<sup>10</sup> This is the case in respect also of Denmark, where in 1983 farmers obtained on average more than one-sixth of earned income thanks to "additional earnings,"<sup>11</sup> and to the other northern countries also. Thus some farmers—small ones primarily—are becoming semi-proletarians. "Such trends are not, however, reflected all that much in the consciousness and organization" of this stratum, the Finnish Marxist R. Blom observes.<sup>12</sup>

The smallness of the numbers of the independent rural proprietors and the disintegration of the peasantry are making the agrarian petty bourgeoisie a less significant character on the political stage. The bourgeois parties which were formerly oriented toward it have tried to find a different social support. The peasantry in the northern countries cannot be regarded as the proletariat's most important ally (potential or actual) either for these same reasons. North Europe is drawing close to Britain in this respect.

It is significant that in the "urban" sector (industry and services) also there has been a reduction in the proportion of small businessmen. Their proportion in the entire gainfully employed population in 1950-1970 diminished from 9 to 6 percent in Sweden, from 6 to 5 percent in Finland and from 12 to 10 percent in Denmark. The reduction continued subsequently also: 4 percent in 1985 in Sweden, 6 percent in Norway, 7 percent in Iceland and 9 percent in Denmark (everywhere, auxiliary family members included). Only in Finland was this proportion in 1985—7 percent—higher than in 1970 (but lower than in 1981—8 percent).

The diminution in the proportion of the urban petty bourgeoisie has occurred mainly owing to the reduction in the number of craftsmen—tailors, shoemakers and so forth—who have been squeezed out by modern industry and the capitalistically organized enterprises of the service sphere. A counteractive factor of the recent period has been the growth of the "shadow" ("underground") economy. It is based to a considerable extent (to what extent precisely is not known by virtue of its very nature) on petty bourgeois simple commodity production. But in the countries of North Europe it is less prevalent than in many others.

The small proportion of the petty bourgeoisie in the majority of northern countries is an indicator of the high level of development of state-monopoly capitalism in this region, specifically, of the large proportion of persons employed in the public sector. The sociologists G. Ahrne and E. Wright have shown that the low proportion of the petty bourgeoisie in Sweden (compared with the United States) is explained by the large dimensions of the public sector of employment in this country—over 40 percent of the total (per their estimate). In the private sector, taken separately, the proportion of those "working for themselves" amounted in Sweden to 18.5 percent (compared with 17.8 percent in the United States).<sup>13</sup>

In North Europe the petty bourgeoisie has traditionally played a quite significant part in the political life of its countries, particularly where it has been more numerous—in Denmark and Finland. This situation persists to some extent. Rural and urban petty proprietors represent distinctive groups of pressure on the government and the social democratic and bourgeois parties, seeking action in their own interests. In no northern country has social

democracy succeeded in winning support in this environment. The petty bourgeoisie, both rural and urban, is oriented either toward the center or the right (including the "new right") parties.<sup>14</sup> It sometimes also acts without the parties' knowledge. Thus up to 100,000 businessmen (petty bourgeois, in the main, obviously) took to the streets in Sweden in 1983 and 1985, protesting against the institution of "worker funds" (forms of the union's participation in the accumulation and investment of capital).

As distinct from the petty bourgeoisie, the new middle strata are growing rapidly. These are mainly middle- and lower-tier managers and the bulk of the professional classes working for wages. The development of the organizational structure of the enterprises, the consolidation of the corporations and also the significant growth of state services and the state administrative machinery have brought about a rapid increase in the numbers of administrative-managerial personnel of all levels, the middle level particularly. The spread of education, higher education included, and the change under the impact of the S&T revolution of production and, accordingly, the nature and composition of the work force; and the expansion of services, which are becoming increasingly complex and diverse, are leading to the growth of various detachments of the professional classes.

The rate of increase of these groups may be seen from statistics. Thus in two decades as of 1960 the number of "top employees," that is, managers (excluding enterprises managers), in Finland grew by a factor of 2.2.<sup>15</sup> The number of persons of intellectual occupations grew in just 5 years, 1970-1975, by almost one-third, and engineers (together with architects), by almost two-thirds.<sup>16</sup> Development in the other northern countries also has been similar. The slowdown in or halt to the growth of the overall number of employees in connection with the structural crisis and restructuring of the capitalist economy in the 1970's-1980's has not affected the managerial personnel and specialists, and the growth of their numbers has continued.

Various professional detachments of intellectuals which had previously kept their distance from production have in most recent years become involved in production activity increasingly in connection with the latest stage of the S&T revolution. These are primarily scientists in the field of the exact sciences (mathematicians, physicists, chemical engineers, biologists and so forth), but also psychologists, linguists, sociologists and other representatives of the humanities.

This process is having an appreciable impact on persons of the intellectual professions. Their self-esteem is rising in a number of cases—their absolute necessity for the functioning of the corporation, sector or entire society even is obvious. Material conditions are improving. At the same time, however, their creative freedom is frequently constricted. They are encountering more often

and more directly the realities of contemporary wage work, which is turning them toward the unions—the syndicalization of the professionals (like the working class also) in North Europe is the highest in the capitalist world.<sup>c</sup>

The social base of the recruitment of the professionals is changing: it is being supplemented increasingly by people who come from the nonprivileged strata, the workers included. According to the data of a special survey, whereas at the start of the century the proportion of children of workers among those enrolling at college constituted from 1 percent in Denmark to 5 percent in Finland, in 1970 this proportion was approximately one-fifth in all the northern countries. The children of farmers began to attend higher educational institutions more widely even earlier.<sup>18</sup>

All this, together with the exacerbation of global problems and the change in the overall ideological-psychological climate in the northern countries, is creating the prerequisites for the organization of an alliance of the working class and its organizations with the professionals.

Changes are occurring also in the manager and administrator environment. The reorganization of management systems in the corporations largely associated with the introduction of computers has led to the redundancy of many middle managers. They are experiencing also the drift of power upward, to the top management. In connection with the increased instability of their position they are becoming aware of the diminished connection with the upper strata and are also beginning to aspire to trade union-type organization for the defense of their socioeconomic interests.

The practice of many countries, Sweden specifically, shows that less capitalist and more progressive positions are adopted by the representatives of the new middle strata working for state, and not private, wages, particularly those associated with the social sphere in its broad understanding. It is these people who are participating actively in the new democratic movements.

The middle strata of society are potentially an important ally of the working class in the struggle against monopoly domination and for peace and social progress. The changes which are occurring—in the direction of a certain "proletarianization" of the position of the bulk of them—are making pertinent the possibility of an alliance with them. However, as M. Knutsen, then chairman of the Norwegian CP, emphasized in 1978, the communists cannot fail to take into consideration the extreme heterogeneity of these strata, the diversity of their social and political interests and the instability of their ideological tendencies.<sup>19</sup> The discontent of a substantial part of the middle strata with high taxes, considerable amounts of which go to support the less well-off part of the population, has been revealed, for example. This has

engendered both the pointed protest of representatives of the highly paid professionals and managers and their departure for countries with a lower rate of income tax.

The diversity of the socioeconomic and political interests of these groups demands of organizations of the workers movement and all progressive forces a clear idea of the particular features of these strata and exceptional flexibility of policy considering both their possibilities and their specific interests.

The *working class* of the North European countries and its modern composition and particular features reflect the changes which these countries have experienced in their economic and political development in recent decades. At one time representing "the backward northern outlying region of West Europe,"<sup>20</sup> they have become an area of highly developed capitalism. Accordingly, the working class also has in them all the features of a modern proletariat. This can be seen primarily in its place in the economically active population—the workers and ordinary employees which constitute the proletariat compose approximately three-fourths of this population.<sup>21</sup>

The oldest detachment of the proletariat incorporating the workers of agriculture, fishing and forestry has been reduced to a minimum. In the mid-1980's it constituted from 1.8 to 2.5 percent of the gainfully employed population—a 2-3 times lesser proportion than quarter of a century ago. Only in tiny Iceland does the agricultural and fishing proletariat represent a more pronounced part of the population: 5.9 percent in 1983.

The correlation between the two main detachments of the working class—the industrial proletariat and service proletariat—is changing. Inasmuch as blue-collar and white-collar workers constitute the bulk of persons employed in these spheres, the data of Table 1 on the sectoral distribution of the work force may serve as an indicator of the changes which are taking place. It follows from the former that the working class of services is emphatically preponderant in terms of numerical strength in all five countries. This preponderance has been pronounced since the 1960's and is continuing to increase. An absolute reduction in the numbers of persons employed in industry, primarily the industrial proletariat, has been under way since the start of the 1970's (or earlier). The exceptions being Finland, where in connection with the later industrialization this process has shown itself distinctly only since 1980, and Iceland. In Norway there was only a short period, in the mid-1970's, when the working class increased.

Historically the industrial proletariat—workers of manufacturing and extractive industry, construction and transport—has been the nucleus of the working class. Processes of fragmentation and stratification caused by the impact of S&T progress and its unevenness have shown through in the 1980's in the "industrial nucleus" of the working class, as noted at a scientific conference in

1986 in Moscow by the representatives of Scandinavian communists.<sup>22</sup> The dimensions of production enterprises have been diminishing and there has been, together with the general reduction, a deconcentration of the industrial proletariat in recent years in connection with the introduction of automation and other achievements of S&T progress.

In the service sphere the concentration of the working class is higher in the public sector, where there are large-scale administrative establishments and educational and medical institutions. The vast majority of enterprises of the private sector of services are small and tiny, and the workers there frequently work side by side with the proprietor, which influences their sociopolitical views. Whereas in the industrial proletariat males constitute a significant majority, women's labor predominates in services to almost the same extent.

The sharp increase in the relative significance of services, in which the proportion of nonphysical labor is high, has been one of two main reasons for the changed correlation in the composition of the working class between workers and rank and file employees—trade, office, maintenance and so forth. The second reason is the increasingly extensive application of the results of S&T progress in all sectors, industry included. Rank and file employees now constitute approximately one-third of the working class in Finland and Iceland, approximately two-fifths in Denmark and Norway and approximately one-half (even more, possibly) in Sweden.<sup>23</sup>

Studying Sweden's class structure, the leftwing sociologist G. Therborn wrote at the start of the 1970's that "the social differences between office personnel and workers in the shop are still very substantial." On these grounds Therborn did not attribute office workers—as distinct from persons working in trade—to the working class (although he did speak of their great proximity to it).<sup>23</sup> It would seem that such a conclusion was arguable even for the period 1930-1965 which he examined, but it is perfectly obvious that subsequently together with the growth in the numbers of rank and file office employees they have objectively drawn close to the workers, becoming an inalienable part of the working class.

At the same time, however, while in terms of the basic class-forming characteristics being a part of the proletariat, the rank and file employees—the "new detachments of the working class"—are distinguished from its traditional detachments by the particular features of their socioeconomic position and consciousness.<sup>24</sup> Specifically, only a minority of them recognizes its affiliation to the working class. As sociological surveys show, both in terms of level of political consciousness and electoral behavior the white-collar part of the working class lags considerably behind its traditional detachments.

The "special status" of employees in all the northern countries is expressed organizationally: employees, the rank and file included, are united, as a rule, not only in



their own trade unions but also in separate trade union centers (the level of syndicalization of the employees here—as distinct from many other countries—is very high and close to the worker level). There is considerable rivalry, at times replaced by cooperation, between the associations of employees and workers.

At the same time, however, the worker trade union centers, of which considerable numbers of employees are members also, are pursuing a so-called solidarity policy in the sphere of wages (primarily their preferential increase for the lower-paid). Despite all the sociopolitical costs of such a policy (the curbing of militant protests of individual detachments of the working class and the tendency toward conciliation with capital and the state), it is contributing to the consolidation of the proletariat and the reconciling and solution of the contradictions within it. As the Swedish social democrat and trade union figure R. Meidner once wrote, this policy “is an expression of the basic ideology of equality characteristic of the trade union movement.”<sup>25</sup> The considerable changes which have been taking place in the most recent period in the structure of the working class are creating therein elements of internal tension and complicating the pursuit of solidarity policy.<sup>26</sup>

The process of a certain “fragmentation” of the working class and the marginalization of part thereof is developing in North Europe also, although less, possibly, than in other regions of the capitalist world. Thus in Finland the growth of unemployment primarily in the traditional sectors, which are in decline, and also the universal supplanting of manpower by the latest technology have engendered a trend toward the separation from the working class of a “periphery” thereof subject to marginalization.<sup>27</sup> The groups of workers and to some extent employees whose employment is becoming particularly unstable and who are frequently losing their jobs pertain to this “periphery”. The majority of those of them who are among the long-term unemployed are already losing the possibility of permanent work. They are becoming “marginals”.

In Finland, as in other countries, marginalization is developing mainly locally, in individual regions. The author of a Finnish study rightly connects marginalization also with the tactics of the employers, who are practicing increasingly extensively various “unorthodox” forms of hire (work from home and so forth) making the workers socially unprotected.

Immigrant workers and the children of immigrants are particularly subject to long-term unemployment. The technological and structural reorganization of production has struck most strongly at them. In Denmark, for example, the percentage of unemployed among Turks and Yugoslavs has been far higher than among Danish workers employed in the same sectors.<sup>28</sup>

Despite these processes, being well organized and having strong political representation primarily in the shape of the social democratic parties of the four continental countries, the working class has been able to gain important positions in capitalist society and win substantial social reforms.<sup>1</sup> It has managed to exert a certain influence on the processes in the economy—both spontaneous and deliberately initiated or encouraged by capital—which are leading to the erosion and marginalization of a number of its detachments.<sup>8</sup>

We may evidently agree, in the main, with the study of J. Pontusson, who concludes his criticism of the left-reformist analysis of the experience of Swedish social democracy with the words: “Study of the example of Sweden shows that the rule of social democracy, specifically, the development of the welfare state, has contributed to the unification of the working class and the development of the alliance between the working class and the new middle strata.” At the same time, however, he stipulates, this has “only to a very slight extent limited the systemic power of capital rooted in the structures of the economy.”<sup>31</sup>

How have the changes in the social and class structure of the northern countries influenced the correlation of forces of the main classes in the struggle for power and for hegemony in society?

If we turn to the social and structural changes as the true basis of what takes place in politics, a contradictory picture emerges. The growth of the working class and its increased relative significance in the gainfully employed population and the increase in general in the proportion of wage workers, given a reduction in the “independents,” particularly in agriculture, all this should be working against the bourgeoisie, undermining to a certain extent the social base of the coalition on which it relies and contributing to the consolidation of the forces opposed to it. However, the increase which is taking place, to some extent in connection with the current stage of the S&T revolution, in the “diversity of the situations” in which the different groups which are a part of the working class find themselves is operating in the opposite direction since it is weakening the unity of interests of the proletariat. The impact of the changes in the socio-class structure on the correlation of forces of the classes has been ambivalent.

The structural crisis and the restructuring of the economy in the 1970's-1980's have led to a certain weakening of the bourgeoisie associated with the aging sectors. But simultaneously the crisis and perestroika are striking very strongly at the working class, leading to the closure of enterprises and unemployment and increasing the heterogeneousness, contradictions and internal conflicts therein. In this situation the results of class confrontation are not predetermined structurally but depend to a far greater extent on the course of the class struggle and the conscious activity of the political forces.



Footnotes

1. H.I. Kleven, "Changes in the Class Structure of the North European Countries," PMS No 7, 1966, p 36.

<sup>a</sup> The "dropout" of the northern countries from the change toward the growth of small business is explained, possibly, by the strength of the organized workers movement in this region and, connected with the preceding reason to some extent, the relative weakness of the entrepreneurial spirit in national political culture.

2. See Yu.V. Andreyev, "The Norwegian Economy," Moscow, 1977, p 147; G. Asplundh, "The Changing Structure of Finnish Society," KOMMUNIST No 2, 1983, p 91; H.I. Kleven, Op. cit., p 37; and others.

3. See G. Therborn, "Klasstrukturen i Sverige 1930-1980. Arbets, kapital, stat, patriarkat," Lund, 1981, p 96.

4. S. Carlson, "A Century's Captains of Industry," SKANDINAVISKA ENSKILDA BANKEN QUARTERLY REVIEW No 2, 1986, pp 53, 55.

5. G. Asplundh, Op. cit., p 90.

6. See K. Marx, F. Engels, "Works," vol 3, p 46.

7. See O.A. Sergiyenko, "The Scandinavian Countries: External Factors of Growth and Regionalism," Moscow, 1985, p 25.

8. See U. Himmelstrand et al., "Beyond Welfare Capitalism," London, 1981, pp 56-58.

9. See G. Asplundh, Op. cit., p 91.

<sup>b</sup> This is the percentage of all independent proprietors in the agrarian sector and fishing, that is, includes the bourgeoisie too. But its proportion has to be very small—less than 1 percent of the gainfully employed population, according to all data.

10. See "Suomen tilastollinen vuosikirja," 1987, p 287.

11. "Statistiks," Arbog, 1987, p 150.

12. R. Blom, "The Relevance of Class Theory," ACTA SOCIOLOGICA No 3, 1985, p 188.

13. G. Ahrne, E. Wright, "Class in the United States and Sweden: a Comparison," ACTA SOCIOLOGICA No 3/4, 1983, p 223.

14. See J. Hoff, "State, Petty Bourgeoisie and Populism in Post-War Scandinavia," Copenhagen, 1983.

15. T. Valkonen et al., "Suomalaiset. Yhtiskunnan rakenne teollistumisen aikana," Juva, 1980, p 159; "Suomen tilastollinen vuosikirja," 1987, p 84.

16. M. Alestalo, "Structural Change, Classes and the State. Finland in an Historical and Comparative Perspective," Helsinki, 1986, p 99.

17. "The Unionisation of Professional and Managerial Staff in Western Europe," ETUI, 1982, p 237.

<sup>c</sup> An aspect of this process is the acquisition of a trade union character by organizations of the professional classes which had previously performed other functions, the Finnish AKAVA (Association of Professional Societies), for example, which has grown here.

18. See S. Pontinen, "Social Mobility and Social Structure," Helsinki, 1983.

19. See M.G. Knutsen, "A Strategy Proven by October. Class Alliances of the Proletariat in the Anti-Monopoly Struggle," PMS No 11, 1978, p 7.

20. O. Kazakova, "Structural Problems of the Economy of the Scandinavian Countries," MEMO No 2, 1986, p 51.

21. See "Small Countries of West Europe," Moscow, 1983, pp 201-203.

22. See RK i SM No 1, 1987, pp 98-99, 113-114.

<sup>d</sup> Some 65-70 percent of all employees—their lower and, to a certain extent, middle groups—are attributed to the working class.

23. See G. Therborn, "The Swedish Class Structure" in "Readings in the Swedish Class Structure," Oxford, 1976, p 155.

<sup>e</sup> This is shown in the example of a northern country in a recent study (24).

24. See L.A. Morozova, "Office Workers in Modern Finnish Society," "The Working Class in the World Revolutionary Process," Moscow, 1987.

25. R. Meidner, "Samordning och solidarisk lonepolitik under tre decennier," Tvarsnitt, Stockholm, 1973, p 35.

26. See RK i SM No 1, 1987, pp 113-114. Speech of K. Qvist, secretary of the Swedish Left Communist Party Board.

27. See K. Keivatsalo, "Marginal Labour Power and the Finnish Trade Union Movement," ACTA SOCIOLOGICA No 1, 1986.

28. C.-U. Schierup, "The Immigrants and the Crisis," ACTA SOCIOLOGICA No 1, 1985, p 24.

<sup>f</sup> The Swedish left researcher J. Stephens writes that, having reduced the significance of pension systems in individual companies and institutions designed for white-collar workers, the 1959 pension reform gave them

an interest, together with the workers, in the preservation and development of the "welfare state" (29).

29. See J. Stephens, "The Transition from Capitalism to Socialism," London, 1979, pp 84-85.

\* As the above-mentioned G. Therborn shows in a recent work, the absence of mass unemployment in Sweden and Norway is explained mainly by the fact that the working class here is well organized and exerts a strong influence on governments' economic policy (30).

30. See G. Therborn, "Why Some Peoples Are More Unemployed than Others," London, 1986; see also J. Pontusson, "Behind and Beyond Social Democracy in Sweden," NEW LEFT REVIEW No 143, 1984, p 78.

31. J. Pontusson., Op. cit., p 95.

"Rabochiy klass i sovremennyy mir", 1988©

#### **Austrian Partners Comment on Joint Projects with Ukraine**

18250106 Moscow *RABOCHAYA GAZETA* in Russian  
25 Jan 89 p 3

[Article by K. Savvin: "Soon To Be Introduced to the Ukraine"]

[Text] The many years of technological cooperation by enterprises in Austria and the USSR led to the establishment of joint firms in the field of electronics. Five of the thirteen existing firms are operating directly in the computer and electronics industry. One of these enterprises in Simferopol is engaged in the design, manufacture, and maintenance of various components for automation equipment. Another in Moscow produces computer terminals.

What are the prospects for industrial cooperation by these partners? I discussed this with Ingrid Tihi-Shraeder, deputy chairman of the Austrian Federal Chamber of Economics and deputy of the National Council. According to her, approximately 70 proposals on the establishment of new joint enterprises are now being considered, and many of them would be established in such fields as the production of telephones, communication equipment, personal computers, and automatic welding equipment.

"The new economic reforms in the USSR," the deputy chairman of the federal chamber stressed, "have presented us with new opportunities for cooperation, and we must quickly make the best possible use of these opportunities for the further development of the economies of our countries. We expect our scientific and technical cooperation in the future to produce a substantial economic impact and to establish a sound basis for permanent and mutually beneficial dialogue.

"Yes, the dialogue will continue. This fall the federal chamber will be officially represented in the international

'Automation-89' exhibit. It will focus on production automation equipment."

I also spoke with Director Walter Rieder of Datentechnik GmbH, a Vienna firm. The firm specializes in electric communication equipment, conducts experimental design projects, has its own training center, and supplies the postal, telegraph, and telephone agencies of many countries with equipment. The firm has branches in West Germany, Switzerland, and Great Britain.

Herr Rieder frankly admits that the realities of Soviet life today have made an indelible impression on him. The policy of perestroika has given rise to many new developments.

"Our firm has been able to establish contact with an extraordinary number of Soviet cooperatives. Their representatives are distinguished by an extremely high level of technical knowledge and know exactly which areas of the USSR need communication equipment. We hope that this cooperation will be developed in the future."

This firm, which exports many of its products to the foreign market, has recently been increasingly active in the Soviet market as well. Datentechnik first established beneficial contacts in Moscow and then began commercial operations in Leningrad. There the firm took part in "Sistemotekhnika," the international review of achievements in electronics. This resulted in an agreement with Lenrybprom on the installation of a data processing center in this enterprise. Kiev is the next target, and it is here that the Vienna firm will first be introduced to the Ukraine in the "Telecommunications" exhibit this June.

The contacts of another Austrian firm, Gertner KG, with our country have withstood the test of time: For more than three decades they have benefited both sides. I was told about the operations of this trade enterprise by one of its directors, Henrich Neboa. He has worked for the firm for 20 years and therefore knows all of the details of the firm's contacts with Soviet partners. The firm conducts trade in both directions. First of all, it sells Soviet machine tools in the FRG, Austria, and Switzerland. It does business with enterprises in Vilnius, Odessa, Voronezh, and Ivanovo and has sold more than 10,000 machine tools stamped "Made in the USSR." Second, the firm exports rolling mills and flexible automation lines to our country. Equipment supplied by Gertner KG is being used at the Moscow Automobile Plant imeni I.A. Likhachev], the Volga Automobile Plant, other motor vehicle plants, and enterprises of the metallurgical and metal processing industry in our country.

#### **Belgian CP Chief on 'Unity of the Left'**

18070109b Moscow *RABOCHYI KLASS I SOVREMENNYI MIR* in Russian  
No 5, Sep-Oct 88 (signed to press 22 Sep 88) pp 80-92

[Interview with Louis Van Geyt: "Problems of the Unity of the Left"]

[Text]

*At the request of the RABOCHIY KLASS I SOVREMENNOY MIR editorial office Comrade Louis Van Geyt, president of the Belgian Communist Party, met in June 1988 in Brussels with M.A. Neymark, doctor of historical sciences and head of a department of the USSR Academy of Sciences International Workers Movement Institute, and answered a number of his questions.*

*Comrade Louis Van Geyt's answers are published below.*

**Question.** What, in your view, are the particular features of the 1980's which have influenced the activity of the communist and workers parties?

**Answer.** Appreciable changes are under way in the industrially developed capitalist countries connected primarily with the S&T revolution, which is changing considerably the nature of the productive forces and giving rise to very big changes in society and the structures of the world of labor. It has to be said that the workers movement of capitalist countries as a whole and all left and communist parties found themselves insufficiently prepared for these changes, which caught them unawares.

It is necessary here to consider also such circumstances as the economic crisis of the latter half of the 1970's, the growth of the internationalization of capital, the international situation at that time, which was marked by a gradual weakening of the role of the Helsinki agreements, and the events on the world scene which increased tension. Under these conditions the conservative forces in the capitalist world switched to a political and ideological offensive which came to be called neoliberal. This was expressed primarily in the policy of Reaganomics, Thatcherism and such like.

The neoliberal offensive pertained to the first, toughest phase of the Reagan administration's foreign policy. As a result an attempt was made at the start of the 1980's by the forces of transnational capital and transnational financial groups in the developed capitalist countries on both sides of the Atlantic, not to mention Japan, to wipe out a considerable part of the most important conquests of the worker and democratic movement which it had made after WWII on the wave of the victory over Nazism. Such were the basic difficulties which confronted us under the new conditions.

**Question.** How do you assess the present stage of the development of the international communist movement?

**Answer.** It has to be said absolutely candidly that several years ago the communist movement was in an inauspicious position. And not only because real socialism was going through a period called by Soviet communists stagnant but also because—and this concerns us directly—the communist parties did not, I repeat, foresee the new situation and, consequently, were unable to

counterpose a well-oiled system of defense of the working people's interests to the concentrated offensive of the neoconservatives. The communist parties had only individual components of an alternative to the policy which permitted transnational capital to use the changes which were taking place for its own ends. It has to be said that in this period in the developed capitalist world, in West Europe primarily, each communist party retreated into itself to a certain extent, attempting to find the solutions of its own problems rather by the pragmatic and empirical path. In addition, the communist movement in West Europe and in the zone of developed capitalism in general did not in fact know how to formulate a concerted, considered and cogent position.

Thus a really alarming situation took shape, although the state of affairs today is no longer what it was in previous years.

**Question.** What is your opinion of the processes occurring in the trade unions of the developed capitalist countries. On the one hand there is frequent talk about a trend toward the politicization of the unions, on the other, about the corporatization phenomenon. What are the main tendencies determining the development of the unions in the present situation, which is difficult for the workers movement?

**Answer.** Taking shape here also is an exceedingly disquieting situation, which is disorienting people and in which forces representing the world of labor have found themselves involved: on the one hand the unions and, on the other, the backbone of the political forces operating on behalf of the working people, I refer, together with the communist parties, to the socialist and social democratic parties, and in some countries like, for example, Belgium, the Christian workers movement also, that is, the state of affairs in the unions needs to be seen from the viewpoint of the difficulties being experienced by all forces of the left.

The unions in capitalist Europe found themselves, to use a sporting term, "offside" in the face of the pressure of the neoconservative forces, and there has as yet been no appreciable change in this situation. I may cite as an example the recent European Trade Union Confederation congress, at which many of the problems which I have mentioned were raised and individual elements of their solutions outlined. However, it is perfectly clear that this is merely the start of the quest and that it is being conducted gropingly. The union leaders are still far away from a comprehensive analysis of the situation and the formulation of an adequate counterstrategy.

Now about the two aspects of the problem which you mentioned. First about corporatism. It is perfectly natural, although regrettable, that the working people of individual sectors, recognizing that their position at the enterprises enables them to demand the pursuit of a less strict policy on the part of the forces of the right and financial groups, are attempting to win the adoption of

decisions protecting them if only partially against a deterioration in living and work conditions. They can hardly be reproached for this. However, this points to the tremendous need for the search, as quickly as possible, for more comprehensive solutions which would make it possible to abandon such, I would say, an "elementary" position. In any event, the problems confronting the workers movement today cannot be solved by the adoption of such a position. Of course, it could contribute to a certain improvement in the position of individual groups of working people. At the same time, however, such a position is complicating the struggle for the cohesion and unification of all forces of labor. Here lies the contradiction. To be more specific, the contradiction is manifested, specifically, in the development of the progressive and winding down of the backward sectors; in the position of the working people who have had the good fortune to find permanent work and those who come under the part-time employment category or who are less organized owing to the fact that the unions are late in coming to their assistance; in the position of those in work and the unemployed, who are numbered in many millions in the capitalist world.

The second part of your question—concerning the politicization of the unions. We need to bear in mind here primarily the fact that on the one hand there cannot in the capitalist system be effective union action without regard for the actual correlation of forces between the world of labor and capital and without a struggle for the more favorable solution of problems in the interests of the working people forcing the representatives of finance capital to make concessions. On the other, any effective agreement and law even corresponding to the working people's requirements cannot be achieved without the latter's recognition of the need for pressure on the political authorities and without the winning to their side of this ally or the other for the purpose of neutralizing the actions of the representatives of big capital in government circles. In this sense the political nature of the trade union struggle and the existence of a contact between the unions and the political forces acting on behalf of the working people is an entirely normal phenomenon. I personally see nothing offensive in the term "politicization" of the unions.

I would note that at difficult times for the working people and their unions the following trend, which is still even more pronounced than in preceding years, has emerged and persisted. It is a question of the fact that under conditions where the task of repulsing the neoliberal offensive and overcoming the difficulties associated with the formulation of a dependable alternative has become a vital necessity, there emerges in the reformist (an approximate word, incidentally) wing of the unions a temptation to subcontract to a certain extent to the actions of its political friends in parliament and the government, that is, to subordinate the behavior, strategy and practice of the unions to a certain extent to the strategy and policy of social democracy operating at the government level independently or in a coalition

with the parties of the right and the center. I may cite as an example the domestic policy of the F. Gonzalez government, whose content differs little from the neoliberal type of policy.

The socialists have joined the new Belgian Government, and for this reason it is very likely that, by virtue of their own logic and under pressure from the forces of the right and the center, they will in their activity in time be forced to orient themselves increasingly toward such a policy. It is legitimate today to speak not so much of the enterprise and autonomy of the unions as of the fact that they have to a certain extent wound down their activity under pressure from reformist and moderate-bourgeois forces.

This trend exists, reflecting an endeavor to solve all problems within the framework of "social consensus," that is, to leave untouched the main thing—power, profits and transnational capital—but to rest content merely with certain socially adaptive half-measures in order to mitigate if only somewhat the social costs of the harsh and aggressive economic policy of capitalism.

Question. To speak of the nature, mechanism and focus of these processes, what, in your view, determines them more in these difficult times for the workers movement—statics or dynamics?

Answer. Prior to the mid-1970's the alignment of forces was relatively propitious for the workers movement. It was frequently possible in this period, thanks to what is called social consensus, to win with the aid of agreements and perseverance certain concessions from the employers, representatives of the financial world and the political authorities. In other words, the consensus produced at that time certain results, which, however, were less than the available opportunities. Now, however, the desire is to inscribe consensus within the framework of the policy of social regression for the purpose of softening it. This is the difference.

Although both then and now there was and remains much that is common in the conceptual mechanism at the basis of this policy and behavior of the participants, its effect is different inasmuch as the initial characteristics of the situation have changed appreciably. As distinct from the preceding period, we are today observing a partial political turnabout, which has shown itself, for example, in France. Also characteristic in this sense are the changes which have occurred in our little Belgium. Indicative also are the particular successes which have been scored at land elections by the SPD. Other examples could be given also. One thing is clear: the results of the recent elections in these countries testify to certain changes in public opinion and, more specifically, in the consciousness of the worker electorate, which is questioning the soundness and necessity of the tough policy of the forces of the right, which I mentioned earlier. The on-going trend geared to the formation more of center-left than center-right government coalitions has been a



reflection of these changes. Another aspect of these partial changes is a kind of reorientation of a large number of the voters who supported forces of the left in favor of candidates of the social democratic parties and a weakening of the communist parties, although the results of the recent elections in France made certain adjustments which are heartening for us. However, the said tendency exists, as distinct from 10 years ago, and it has to be reckoned with. It has to be said in this connection that today the socialist and social democratic parties, in office or participating in the exercise of power, are accepting solutions which fit the logic of consensus, which we mentioned earlier. The question is whether such solutions are genuine.

**Question.** What is your opinion of the role performed under current conditions by the workers movement of small countries?

**Answer.** Caution needs to be displayed in an analysis of this question inasmuch as the danger of an immodest or exaggerated assessment could sometimes arise.

Primarily, it is perfectly obvious that in the solution of problems of disarmament the small West European countries perform a role which in a number of cases permits them to make greater headway in overcoming clichés and obstacles than bigger countries such as Britain and France, which are nuclear powers. Confirmation of this is the development of the antiwar movement, deployment of the Euromissiles and so forth. This is one aspect of the matter. Mention needs to be made of the other also, although in political practice they may sometimes come into contact. In respect of the problems of the "Europe of the Twelve" the forces of the left have as yet, perhaps, made less headway in analytical comprehension and the quest for adequate solutions than on other issues. This is worrying not only us but the communist parties of other West European countries also.

Take, for example, the European Parliament, which represents a highly specific body directly elected by the population of the 12 Common Market countries. It has limited power, but exerts a certain influence on public opinion. In certain fields such as the struggle for a relaxation of tension, disarmament, democracy and trade union rights and struggle against the abuses of transnational capital conducted on the initiative of a kind of majority represented by the left and, partially, the so-called center forces the European Parliament has approved a number of interesting positions. This is undoubtedly worthy of attention. There is a group of communists in the European Parliament, although not from all EEC countries since certain parties, including the Belgian CP, are not represented there. This group as such functions with difficulty inasmuch as each party which is a member thereof adheres, as I have already said, to its own specific approach to many problems related to the "Europe of the Twelve". This group, which should be for all of us a kind of unifying center, has not become such in reality owing to the absence of joint actions and agreement between its

members. This does not, of course, mean that the situation is hopeless. I merely wish to say that all of us communists operating within the framework of the "Europe of the Twelve" should actively aspire to a gradual change in the current situation. And orient ourselves here by no means toward the narrowly private tasks of the communists isolated from the narrowly private goals of other progressive forces. For were it possible to establish a more active dialogue between these forces and make greater efforts to ascertain concurrent viewpoints and approaches, this would undoubtedly show results. Currently, however, a paradoxical situation has taken shape. Some communist parties, like, for example, the Belgian CP, lacking parliamentary representation, have to a certain extent retreated into themselves and become isolated from the life and activity of the major political and social forces, displaying here certain vestiges of a kind of sectarianism and dogmatism. I am being cautious in the terms I use insofar as the activity of each party has its nuances and inflections. There are also more influential communist parties (the Spanish and Portuguese—newly elected to the European Parliament—say) revealing, to my astonishment and regret, the elements about which I have just spoken. Perfectly explicable efforts are being made by the major communist parties for the development of dialogue with the socialist and social democratic parties, which is positive to the highest degree. However, this is in practice not so much a manifestation of the communist parties' joint actions as a kind of choice on the part of the social democratic parties. From our viewpoint, there is no contradiction between these aspects of the problem.

I would like in this connection to express two additional observations. The first: 1992 is approaching with all the ensuing consequences for West Europe." The second: a very important factor for the entire communist movement is the development of real socialism. Just a few years ago the policy of the stagnation period was exerting a hampering influence, which was reflected in the development of the communist movement also. Today, on the contrary, real socialism is characterized by an entirely open, dynamic approach to, specifically, the solution of all-European problems. This could facilitate the quest by forces of the left for a way out of the impasse situation.

**Question.** To what extent have the conditions, possibilities and limits of the cooperation of the communists and the social democrats changed in the 1980's?

**Answer.** They have changed very considerably. There is a convergence of the positions of the communists and social democrats in the sphere of international relations, on questions of detente and disarmament and in the broader plane of interstate cooperation between capitalist and socialist countries. In this sense we may speak of the positive evolution of the majority of socialist and social democratic parties, whereas in another plane what is being observed is not their regression but rather deviation and movement in a direction which we do not consider correct.



I believe that the communist parties should take account of the significance of the positive changes occurring in social democracy and contribute to the extension thereof. It is necessary for this, *inter alia*, to struggle against the trend toward narrowness and monopolism manifested in certain social democratic parties not only in relation to the communists but also, in a number of instances, to Christian organizations, ecologists and so forth instead of endeavoring to unite the democratic forces on the broadest basis. The point being that the majority of social democratic parties aspires for electoral purposes rather to "swallow up" their mass base than to pursue a policy of pluralist cooperation, which has more opportunities and prospects.

But it would be absurd merely to put the blame on others. Much depends on the capacity of the communist parties themselves and the communist movement for formulating more convincing answers to the questions brought about by the crisis, technological change and internationalization processes in the capitalist countries. Let us examine two different situations, first of all a fresh example—the relative improvement in the PCF's positions as a result of the first round of the parliamentary elections in France. The PCF immediately adopted the necessary measures to maintain the tradition of the mutual withdrawal of candidates in favor of another party. The PCF is operating with regard for the possibility of a centrist reorientation of PSF policy. What the communists are doing pursues the goal of preventing or, at least, impeding a reorientation.

Let us take another example—Spain—testifying, in my view, to greater continuity owing to the fact that in this country the socialist majority of F. Gonzalez, in relation to which all political and social forces long since found their place, has persisted for many years. The policy of the united left pursued by Spain's communists in alliance with other left forces, and not only for electoral purposes, what is more, has ensured certain progress, which is also influencing the activity of the socialist majority and its government. An indirect result of such a policy has been the rapprochement of Spain's two main trade union organizations for the purpose of struggle for a different economic and social course. It is a question of the Workers' Commissions—a union in which the communists enjoy considerable influence—and the General Workers' Union, which is close to the ruling Spanish Socialist Workers Party and which, under the influence of the communists and other progressive forces, has today consented to such joint actions with the intention of adjusting and changing government policy and preparing the preconditions for the pursuit of a more consistent left policy. These examples are highly indicative.

It seems to me that it is such a type of policy as that pursued in Spain which should be realized on the scale of the "Europe of the Twelve". This is essential. This is still a long way off, however. Here is the interconnection between what the communist parties, including those

which in terms of their electoral importance and organizational composition have become really small, and all left, progressive movements, on whose positions these parties, including, I repeat, the small ones, may exert their influence, are called upon to do. Of course, comparison is not proof. Nonetheless, it was the small communist parties which performed a very important role in the period of the antifascist front.

And another comparison connected with this period. I allude to the fact that at that time the task on the agenda was not socialist transformations and not a break with capitalism but the unification of the broadest forces for the purpose of isolating and conquering fascism, which represented an extraordinarily dangerous phenomenon. Today this is struggle against militarism, neocolonialism and the most regressive trends. Accordingly, the task is to take advantage in the struggle against them of the whole relatively increased influence of the forces of progress in the European capitalist countries and influence various spheres of life in order that our common European home find itself capable of coping with the extremely complex problems of the end of the 20th century.

Question. How do you evaluate the historical experience of the relationship of the communists and the social democrats? What do you think of the opinion of K. Sorsa, vice president of the Socialist International, expressed at the celebration of the 70th anniversary of the Great October in Moscow in November 1987: "Dialogue between the two main ideological currents of the international workers movement cannot avoid the question: were all these serious debates really necessary?"

Answer. I believe that history needs to be reconsidered not only in this but in other cases also. For a long time it was portrayed sketchily and at times unjustifiably oversimplified. There is no doubt that K. Sorsa was right to say that the time of tension in relations between communists and social democrats should be a thing of the past. In principle tension persisted in periods when they were divided by antagonistic positions. But there have been few such periods. In other periods, granted that the differences remained very significant, there has been much that is positive in their relations. At the same time it is perfectly obvious that at the time of the civil war and the intervention in your country, by virtue of the fact that some socialist parties were on the side of the forces of counterrevolution, there could not have failed to have been tension between communists and social democrats, in any event, with those of the latter who adopted such a position. Nor could it have been otherwise in countries in which at certain moments individual representatives or individual currents in social democracy adopted a relatively benevolent position in respect of fascism. I refer, for example, to A. de (Man) in Belgium. There was also tension in the relations of the communists and social democrats in the period of the "cold war," when individual currents of social democracy contributed to the

pursuit of the aggressive policy of American imperialism. The policy of P.-H. Spaak and his supporters in Belgium may serve as an example.

However, periods of historical development have been observed when such tension in relations has been justified to a considerably lesser extent or has been altogether unjustified. In addition, an exaggerated tendency to regard social democracy as a homogenous bloc has been exhibited, although various currents have existed therein and disputes have been conducted. This approach, typical of many communist parties, has by no means contributed to the surmounting of the confrontational atmosphere and has prevented the revelation in full of the possibilities of constructive dialogue, specifically with the currents in social democracy which have not shared the policy of the forces of the right which I have just mentioned. We must be absolutely frank in speaking about this.

In addition, in certain very acute periods of history responsibility for tension in the relations of communists and social democrats manifestly going beyond the bounds of necessity has lain with the communists also. This applies, for example, to the period of the Sixth Comintern Congress or the first years of the activity of the Cominform. It is perfectly clear that at that time we sometimes operated in respect of the policy of by no means homogeneous social democracy from dogmatic, sectarian standpoints. Of course, a struggle needed to be conducted, but not, it seems to me, by such methods. I believe that these opinions are held by many people in our movement and, of course, in the Belgian CP.

A period most rich in lessons of extraordinarily useful cooperation and joint action—the period of antifascism, in a reconsideration of whose experience Soviet communists have exerted great effort in recent years—merits particular attention. Correctly understanding the history of our movement means recognizing the need for a reconsideration and reassessment of the period of the Seventh Comintern Congress, the main spokesman for the strategy of which was G. Dimitrov. This is all the more important in that if we do not count most recent years, which have been marked by new innovative approaches, and if we do not count—on a different plane—the period of time immediately following the October Revolution, the period of the struggle against fascism in 1934-1935 and through the victory in 1945, including the period which followed it, is the most instructive and positive in the history of our movement. It was the latter which showed itself to be the initiator and driving force of the broad unity of popular forces in the struggle against fascism and aggression, and not in a spirit of monopolism, what is more, but within the framework of mass alliances. It was this latter which made it possible not only to oppose the strategy of ultra-imperialist forces in WWII but also to lay the foundations for the Resistance in Nazi-occupied countries and for the armed struggle of the peoples of Europe

and Asia and the peoples under the oppression of Japanese militarism and, to a certain extent, the basis for the strategy of a broad antifascist coalition with participation of the imperialist states which were not on the side of the Axis, particularly with Roosevelt, and the overwhelming numbers of representatives of American and European business which had distanced itself from fascism. A tremendous part here was played by the communist movement and its strategy.

As long as the experience and lessons of that time remain unutilized to the proper extent, it will be necessary to make up for what has been let slip in our day also, under entirely different conditions, which, however, like before, demand the pursuit of a policy of broad alliances, whose viability will be ensured only if the communist parties show themselves to be in them the initiators and driving force of unity and contribute actively to the formulation of constructive unitary goals with regard for what I was saying earlier.

At the present stage it is question in the developed capitalist countries not of socialist transformations but of questions of war and peace and a number of highly important social, economic, political and cultural transformations, whose purpose is not so much a fundamental change in capitalist production relations as the isolation and defeat of the most reactionary circles of imperialism and big finance capital, that is, the formulation of a democratic alternative.

Question. The question of the greater coordination of action of the communist parties and their cohesion in the struggle for the accomplishment of tasks set the workers movement by contemporary development suggests itself. What do you think about this?

Answer. The situation within the framework of the "Europe of the Twelve" (I have already spoken about it), specifically, in the Europarlament's communist group, would seem to me highly instructive in this respect. And in this sense also the need to make up for what has been let slip is obvious. A tremendous need for more serious structures which would enable the communist movement to conduct a dialogue with social democracy, the "greens," the progressive wing of the Christian movement and with democratically oriented liberals even, I refer to such figures as Genscher, is felt currently.

Whether something more or less structured is needed now or was needed in the recent past, I shall not venture to answer this question. If it is a question of some forum and more frequent meetings, this would be very useful, of course, particularly given the presence in the communist parties of West Europe of quite similar approaches to the formulation and accomplishment of such tasks. The difficulties associated, in particular, with the stagnation period and with the formulation of a position in respect of the problems which arose in this socialist country or the other in which recourse was had to

military intervention (which gave rise to major disagreements in the communist movement) and in which unmastered obstacles remain should not be forgotten. The prerequisites for overcoming them are being created today, however, before our very eyes. The main thing is to know how to progress. In any event, as far as West Europe is concerned, I consider essential a search for more organized forms of the communist parties' cooperation within the framework of the Common Market and the Europarlament. Against the background of their executive bodies and a variety of economic and social conciliation commissions, in which the unions perform a very pronounced role, the communists are operating in disjointed manner, particularly in unions of a Marxist, reformist or Christian persuasion.

But to the extent that joint struggle for detente and disarmament and the solution of vitally urgent global problems of mankind—war and peace, environmental conservation, North-South—would seem important and urgent, to that extent it is important to recognize that to progress along this path Marxists and communists must make their own contribution in keeping with the requirements of contemporary development. This echoes what I was saying in connection with the period of antifascist struggle. Without the contribution of the communist parties, even in countries where they were small, the history of this period would have been quite different. Their efforts were needed for the enlistment in the struggle of the broadest masses, large worker organizations, social democratic particularly, and certain petty bourgeois democratic parties. This is necessary today also. And this is why. The difficulties of our movement, which have built up particularly in the 1980's, demand a search for ways to overcome them and a way out of the deadlock. Yet many communist parties have become quite small in their numerical composition, and a large part of the space of the political representation of the forces of the left has been occupied by socialist and social democratic parties, in which there are both centrist and more progressive currents. We need to clearly recognize what is not always obvious either to observers from socialist Europe or for this large communist party or the other of capitalist Europe, namely, that the prospect cannot be genuine (in the plane in which I have expressed myself) without the Marxist component, the Marxist factor, the Marxist tendency. This should not be seen as the desire of a frog who wants to look like a bull, this would be absurd. By virtue of historical experience, it may be said with confidence that the major reformist parties and major unions with the predominant influence of reformism cannot of themselves, independently perform this role. Why? Because their principal feature in all periods of both joint action and cooperation and justified tension in relations has been an emphasis predominantly on securing electoral, parliamentary influence and participation in government in isolation from the actions of the masses. This feature is still manifested in contemporary capitalist society to a great extent. But it is impossible to achieve much with this orientation, first, because under the changed conditions

the classical concepts of worker, union and political struggle are now insufficient and broader and more diversified actions and the more concentrated mobilization and pressure of the masses are needed and, second, because the possibilities of powerful exclusive economic and political groups of capital for influencing public opinion with the aid of the mass communications media under their influence have increased.

Of course, in the capitalist countries the communist parties cannot be the sole driving force but they keep this constantly at the center of their attention. And inasmuch as they are endeavoring to perform this function not in a narrow party-private spirit but on the basis of a broad approach with regard for the goals and tasks of the communist movement, the people's masses, all of Europe and mankind as a whole, the communist parties' role remains indispensable. Recognition of this is very important for the development of our entire movement under the new conditions. I understand full well why the leaders of large parties, reflecting on the role of the parties which are currently small, regard them with a certain skepticism.

Yet we cannot fail to notice the by no means chance fact, observable not only in Belgium, incidentally, that the influence of activists of a Marxist persuasion and communists in the trade unions, the peace movement, environmental organizations, the movement in defense of democratic liberties and so forth is by no means proportionate to their representation in them and exceeds considerably the direct influence of the parties of which they are members, on condition, of course, that these parties adhere to the approaches of which I have just been speaking.

Question. How is noncommunism developing, in your view?

Answer. The term "noncommunism" was employed at the 1976 Berlin Conference of Communist and Workers Parties. This important meeting, of which, incidentally, big results might have been expected, expressed and supported the idea that it was not legitimate regarding any disagreement with or criticism of communist parties or socialist countries as an expression of anticommunism and that this could be, albeit not always, a manifestation of noncommunism. After all, some communist parties at times express criticism of other communist parties. For this reason the idea that any criticism of the communist parties, ruling ones particularly, is anticommunism was deemed at the Berlin Conference unjust and outdated. Today, when wide-ranging debate, which has become possible primarily thanks to the innovative approach of the Soviet Union and the CPSU toward European and world problems, is under way, all the more would it be absurd to equate criticism of any individual communist party and anticommunism.

Of course, anticommunism exists, as before, and in different modifications, what is more: in both an openly aggressive form, which is today, in our opinion, by no means the most prevalent, and in more hidden forms. The point being that in the main mass communications media of the capitalist countries information is selected, as a rule, such that alongside fabrications there are truthful facts, but interpreted in a highly specific manner—in some cases by way of exaggeration, in others, belittlement. Thanks to this, an unrecognized anticommunism is shaped—up to certain limits. Whence the question of questions of the communist movement in developed capitalist countries: how, possessing limited opportunities, to increase influence on public opinion. This question confronts not only the small but also large communist parties, after all, they deal with press organs, radio and television which are controlled by their ideological adversaries or people holding entirely different views.

Question. A question directly connected with the preceding one: how do you see criticism of social reformism? How should it, in your opinion, relate to the culture of political dialogue?

Answer. I believe that we need to aspire to conduct the debate with regard for the general interests of the working people and the people's masses and put the emphasis not on an exposure of that on which we disagree but on the constructive proposal, initiative and the points on which there is a possibility of agreement being reached. Here, I believe, is the crux of criticism in its Marxist understanding. The task of such criticism is to find and use everything positive and potentially positive in the questions being discussed. It is thus that we should under current conditions develop dialogue and, accordingly, subordinate criticism to the task of active search for the possibility of joint action. And this is the main thing. We cannot today confine ourselves to recording what is going on, exclaiming: "Capital, you see, is bad; reformism, social democracy, it is by definition wrong, what it is doing is primordially wrong." No, we will not get far with a priori affirmations of this kind. It is necessary to create the conditions for progress. This is all the more important in that today it would hardly be reasonable to expect of the social democratic parties participating in power or exercising it any initiative going further than that which may be obtained from dialogue with circles of the right.

But something else should not be forgotten either. I shall explain per the example of Belgium. I believe that both Belgian socialist parties, being members of the government, afford more opportunities for persuading the working people, peace supporters, the youth and women of the need for a mobilization of forces and for struggle inasmuch as the socialists in power, seen by them and, to a certain extent, by us also as companions more or less prepared to listen to their arguments, cannot fail to

respond to their demands. I make the reservation here that there are no fundamental differences between the present and preceding W. Martens governments.

Thus there is a dialectical connection between the people's forces and their pressure potential and political power. Our political culture must perceive the differences between center-rightism and center-leftism and, consequently, see the considerable potential influence of the social democratic parties, of a number of ruling ones included. Ignoring such components of political culture could impede the ascertainment of certain positive opportunities which have appeared as the result of the change of government in this same Belgium.

Question. What, in your opinion, is the correlation between the communists' aspiration to secure their vanguard role and the goals of the struggle for the joint action of the forces of the left?

Answer. If the term "vanguard" is understood in the meaning with which it was invested in the times of V.I. Lenin, this means primarily a capacity for presenting initiatives, formulating proposals and carrying others with one. The expression in itself does not trouble me, that it is sometimes misunderstood is another matter. What has in fact happened to it over many decades? We say what needs to be done, that the truth is on our side, we know the solutions inasmuch as we are Marxists and we propose that others join us.

But this will only work if communists are capable not alone but together with others on the basis of dialogue of putting forward proposals which are comprehensible and accepted in a broader movement. Then communists will be genuine initiators, those who are reflecting on, but not monopolizing the right to the promotion of ideas, proposals and plans for an alternative policy corresponding to the particular features of the present situation in our country and in West Europe. Support for this policy will make it possible to unite the people's masses and mobilize them for struggle and to move forward.

Consequently, we need to think for ourselves and for others, more, we need to prompt people to think for themselves and for us: after all, we wish not only to convey our viewpoint to others but are also ready to consider their proposals and opinions.

Question. Do you not think that the contribution which social democracy makes to the development of social progress was underestimated in the past?

Answer. I believe that for a long period social democracy performed the function of locator and moderate accelerator of certain progressive impulses emanating from the working class, the working people and various movements (I say "moderate," bearing in mind each preceding phrase) [as published]. At times we underestimated this fact, except for the antifascist period and, perhaps, the postwar period of the relative success of the worker



and trade union movement and its allies in the struggle for social and democratic demands. There was no underestimation on our part at that time, I believe.

However, in other periods we have not always correctly evaluated the essence and functions of social democracy. Its potential capacity for contributing to social progress may be realized only if factors which are more autonomous in relation to political power—ideological, political and organizational—exert an influence on social democracy. In other words, its impact is limited by the dialectical spread of other forces, which also play their part, I refer not only to the communists but also the "greens" and certain progressive Christian currents. Certain aspects of Genscher's position, which have sometimes been more advanced on certain international issues than the position of certain SPD leaders, comes to mind. There are other examples also.

We must take into account all that is positive and useful in society and use this in the interests of the workers movement and its allies, contributing to the development of that which is progressive in the social democratic movement. But nothing exists independently, provided it is not related to something given once for all. The tendency to view social democracy in isolation reflected an insufficiently consistent approach from the Marxist viewpoint.

Question. What, in your view, is the dialectical connection between class aims and those common to all mankind and, in a broader plane, the correlation of global, national and class interests?

Answer. The founders of Marxism said clearly enough in the past that the proletariat, in liberating itself, simultaneously liberates mankind. From the philosophical viewpoint this is a long-standing achievement of Marxism. However, in time the workers movement as a whole, and in certain important periods of history the communist movement also, began to adhere to a constricted approach to these problems, to this relationship. As a result there came to operate in practice the following formula: "Let us first liberate the working class, and then we will think about the problems of the whole of society and mankind." It was abandoned in the period of struggle against fascism. But recourse was had to it once again subsequently: both in the Stalin period of self-isolation, when real socialism found itself in the position of a besieged fortress, and, in a different context, in the stagnation period. And the reformist part of the workers movement of the developed capitalist countries was also frequently oriented toward this formula, what is more. Given this limited approach, proper account was not taken of the relationship between the specific interests of the working class as such and the interests of all of society. This, of course, was an oversight preventing the use of the workers movement's available opportunities.

Not to rectify this error in our day would be suicidal. Why? For two interconnected reasons. First, on account of the shifts occurring in society and the changes in the world of labor.

Second, it is a question of key problems of all of mankind characteristic of the end of the 20th century. It is essential today more than ever to overcome the narrow framework of *ouvriere-ism*.

Under these conditions it is exceedingly important to tie in all elements, in the form in which they were formulated in your question, with the slight addition pertaining to capitalist Europe concerning the "nation," "country" and "state" concepts. For Marxists there is no contradiction between internationalism and patriotism. In addition, this is a natural combination, although in practice things are not that simple both in the zone of developed capitalism and in "third world" countries, and problems sometimes arise in certain socialist countries also. For this reason we need to avoid abstract discussion and determine in each specific instance the points of contact of the interests of the individual nation and country and the broader, international interests. We have to come to terms today with the fact that a certain integration of economic life and, correspondingly, of certain political structures on a large transnational scale is an objective law associated with the contemporary development of the productive forces. Thus the communist parties of the countries of socialist Europe have themselves recognized the need to take account of what is happening in capitalist Europe, specifically, in the EEC. Integration processes are being manifested particularly graphically in connection with what is scheduled for 1992. Within its framework the significance of national political levels, at which vitally important decisions in each of the 12 countries which are members of the EEC are adopted will be preserved, and at the time, on the other hand, the amount of political decisions adopted on the scale of the whole community will increase. Effectively fighting for a democratic alternative and the formulation of decisions going somewhat further than the patching up of holes will be impossible here without a prospect of the development of each people and each country and without recognition of the need for the social and political struggle of the progressive forces.

Question. To what extent is perestroika in our country influencing the development of the international workers movement and relations between the communists and social democrats?

Answer. Perestroika is having an effect on the whole world and, of course, on all progressive forces, which are following closely the processes occurring in Soviet society. The Great October was a beam of light and great hope. The success of the first victorious 5-year plans contributed to the formulation at the Seventh Comintern Congress of the strategy of the antifascist front and joint action at the time of WWII. Not for long, unfortunately,



inasmuch as the "cold war" was unleashed. Then came the period of the 20th CPSU Congress, which was a breath of fresh air and new hope. Today hope is returning once again.

It is perfectly obvious that the key problems of mankind may be solved only given a combination of the efforts of real socialism and the progressive forces in the nonsocialist part of the world. And in this plane the open and dynamic approaches and constructive solutions proposed by the USSR, which became possible thanks to perestroika, are performing a tremendous positive role. The attractiveness of the character of real socialism is increasing anew. I believe extraordinarily important the fact that real socialism is solving on an integral basis meriting great trust urgent problems in the interests of all people and nations.

#### Footnotes

\* The reference is to the European Economic Community.

\*\* 1992 is the culminating stage of realization of the agreement on the free movement within the EEC framework of commodities, capital, manpower and such.

"Rabochiy klass i sovremennyy mir", 1988©

#### Effect of Changes in Societal Attitudes on 1988 French Elections

18070109a Moscow *RABOCHIY KLAS I*

*SOVREMENNY MIR* in Russian

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[Article by Igor Mikhaylovich Bunin, candidate of historical sciences, senior scientific associate of the USSR Academy of Sciences International Workers Movement Institute: "France: Changes in the Mass Consciousness and the 1988 Elections"]

[Text] The presidential and parliamentary elections held in 1988 were a turning point in France's contemporary history. Having in the second round of the presidential election obtained 54 percent of the vote, F. Mitterrand won a triumphant victory comparable only with the success of Charles de Gaulle in 1965 (54.5 percent) and G. Pompidou in 1969 (57.66 percent). The scale of Mitterrand's present victory is more impressive than in 1981, when he was elected by 51.75 percent. But 7 years ago it was the culminating stage of a series of successes of the left in a number of election campaigns, whereas now it is the result of Mitterrand's personal strategy. At the early parliamentary elections of 1981 the forces of the left won the biggest victory in France's history.

In 1988 the French Socialist Party (PSF) clearly hoped on the crest of Mitterrand's May success to win an easy victory. However, the socialists fell 13 seats short of an outright majority. The electorate thereby prevented a monopolization of power in the hands of the PSF.

It remains to comprehend the meaning the electorate invested in the vote for F. Mitterrand in 1988, what processes have taken place in the public mind in the 1980's and what the dynamics of electoral behavior are. The motives behind the vote for F. Mitterrand and the PSF in 1981 and 1988 are largely different. An analysis of these differences is the main topic of this article.

#### Evolution of the Mass Consciousness in the Period of Socialist Government (1981-1986)

The processes which occurred in French society in the 1960's-1970's—the expansion of the proportion of wage workers in the gainfully employed population, urbanization, the "secularization" of the mass consciousness, the elevation of the requirements of broad working strata and the crisis of the "ideological hegemony" of the French bourgeoisie and conservative value systems—were the objective basis for shifts in the political consciousness of the French. The sphere of influence of traditional values and ideas of continuity, order, authority and nationalism narrowed in the 1970's.

These structural changes were accelerated by the crisis of the French party-political system. Bipolarization reached its high point: at the 1978 presidential election left and right garnered approximately 50 percent of the vote. The formation of a union of the left in 1972 had changed the panorama of the country's social and political life. For the first time in the Fifth Republic a real alternative to the power of bourgeois parties appeared on the political scene.

Simultaneously a number of situational factors contributed to Mitterrand's success in 1981. First, there was an exacerbation of the socioeconomic situation in the country following the second "oil shock" of 1979. The crisis had become a part of the collective consciousness, but was still not perceived as a social problem concerning all the French. They continued to believe in the possibility of a way out of the crisis by political means, with a change of socioeconomic strategy. The voters who were under no illusions concerning the official policy of the PSF were, in supporting Mitterrand, thereby voting against the crisis. Second, in the center-right coalition centrifugal trends emerged, and there was increased rivalry between its two components—the Union for French Democracy (UDF), the "president's party," and the Rally for the Republic (RPR), the Gaullist movement, headed by Mayor of Paris J. Chirac. Although ideologically the Gaullist electorate was in the orbit of influence of rightwing conservative ideology, anti-Giscard sentiments were widespread among Chirac's electorate and an aspiration to political change and to a change of leadership was sensed. Finally, a correlation of forces, different from the usual one, between representatives of the left coalition contributed to Mitterrand's victory. Anticommunism was the value basis which brought together the right. Three days prior to the second round of the 1974 presidential election M. Poniatowski, leader of V. Giscard d'Estaing's election campaign, had

avowed that the assumption of office by the left would threaten the appearance of Russian tanks in Paris. At the 1978 parliamentary elections it was only the anticommunist mood of part of the electorate which saved the right from defeat. And, conversely, the failure of the French Communist Party (PCF) at the 1981 presidential elections, when it attracted only 15.3 percent of the vote, that is, considerably less than the Communist Party had won since 1962 (more than 20 percent), dispelled the fears of the anticommunist voters and opened the way to the Elysee Palace for Mitterrand.

The 1981 victory was a surprise for public opinion and occurred after 23 years of opposition for the left. It was accompanied by a sharp surge in Mitterrand's popularity, increased confidence in the new authorities and a considerable rise in the level of expectations.

Following the left's election victory, Mitterrand declared that "the sociological majority has become the political majority." But the structural factors which had determined the upsurge of the forces of the left in the 1970's had by this time ceased to operate. The increase in the proportion of wage workers had reached its limit; a slow reduction in the group of industrial workers began in the latter half of the 1970's. The structural crisis had intensified to a certain extent the disconnectedness of the working class and made the position of the organized workers movement more complicated, having brought about a number of crisis phenomena—a reduction in the numbers of the trade unions, apathy among their members and activists and a weakening of support for trade union slogans.

New trends appeared in the public mood: a decline in expectations and a growth of pessimism. The concept of uncertainty entered the mass consciousness. In 1979 the proportion of those who believed that the future was uncertain and that "it is better to live for today" amounted to 47 percent (1, p 4). The French were without clear prospects in life, were employing the trial-and-error method with increasing frequency and had stopped believing in absolute solutions. The sociologist G. Lipowetsky wrote: "People prefer to live for today, 'here and now,' and to remain young, and not 'forge' the new man" (2, p 12). In their behavior the French were oriented increasingly toward existing reality than principles; they were becoming more rationalist and pragmatic.

Universal social projects lost their mobilizing power: the French preferred to a greater extent to "tend their garden" than give themselves over to dreams of the ideal society. The social psychologist G. Mermet emphasized: "in a harsh and dangerous world individualism is little by little becoming the sole firm value. The desire to live for oneself, without any restrictions and heeding merely one's own impulses, is the common denominator of

modern society..." (3, p 59). The interests of considerable numbers of the masses were shifting toward private life and being confined increasingly to the family and leisure time.

The inertial factor and considerations of expediency played an important part in the victory of the forces of the left (4). By the start of the 1980's the left had lost its "ideological hegemony" in the country. A revival of the values of traditional conservatism was under way: the proportion of supporters of the death penalty, for example, had grown from 31 percent in 1961 to 62 percent in 1981. The PSF called for the creation of a "class front," but at the start of 1981 only 42 percent of persons polled declared themselves of the left. The Socialist Party was advocating a government of socialists and communists, but only 26 percent of the French were supporters of a government of a union of the left (5, p 35).

If we employ the widespread comparison of elections with the movement of a pendulum moving now to the left, now to the right, in the period 1978-1981 it had shifted, according to the calculations of the Soviet political scientists A.M. Salmin, "two points (and with reservations at that) to the left" (6, p 182). In 1981 it was a question of the move of part of the electorate toward the center left and the supporters of the PSF who had begun to vote for the socialists in 1974. At the end of the 1970's the "new voters" of this party preferred as French presidential candidate M. Rocard, who attracted them by the moderation of his economic program. In their eyes Mitterrand at that time personified the union of the left and a joint program, whereas Rocard had less of a left, more of a center "image". The "new voters" wanted in the period of economic crisis the pursuit of a left social program, but economic policy to be based on the principles of liberalism propounded by V. Giscard d'Estaing and then Premier R. Barre.

Public opinion believed in the capacity of the left for increasing the consumer demand of the French and reducing unemployment, but doubted that it could ensure economic growth and the stability of the franc and private property. The ideas, which were shared by a majority of the French, were neither specifically liberal nor collectivist. In 1980 only 40 percent of those polled called nationalization a positive phenomenon; the vast majority (67 percent) declared themselves supporters of competition. Some 54 percent of the PSF electorate invested the "liberalism" concept with positive content, as did 41 percent of UDF supporters the "socialism" concept (5, pp 36-37). The political scientist F. Goguel wrote: "At the 1981 elections the French people entrusted the parties of the left, of course, to pursue profound transformations of the social structures and the French economy. But they did not give them a mandate in the true sense of the word" (7, 11 October 1981). Considerable numbers of Mitterrand's electorate invested the victory of the forces of the left with a meaning different to that of the PSF leadership. They

hoped that the left would extricate the country from the crisis and give them greater social stability. The socialists manifestly exaggerated the working people's devotion to the "socialist project".

Following the change in the socialist government's socio-economic policy (1982-1983), the program aims of a "break with capitalism," a "class front," union of the left and "self-managing socialism" began to gradually disappear from the political dictionary of F. Mitterrand and a number of prominent Socialist Party figures. They were replaced by the "mixed economy society" model representing an attempt to find a so-called intermediate, "third way" running between the theory and practice of "economic liberalism" and "collectivism". The government of the left headed by P. Mauroy began to lose the support of public opinion. Disenchantment among the working people and the electorate of the left grew.

Following the imposition of the "austerity" policy in June 1982 and, particularly, following the adoption in March 1983 of the new government plan, pessimism in respect of a left alternative of a way out of the crisis began to predominate. The crisis came to be perceived as long-term: 62 percent of the French polled in September 1983 believed that even in 10 years time France would not have returned to rapid economic growth and full employment (8, No 223, 1983, p 245).

As of the end of 1982 the crisis came to determine the socio-psychological reactions of the majority of the French. Opinion polls showed an increase in the sense of uncertainty as to the future and the feeling of fear in the face thereof. According to a 1984 poll, some 67 percent of the French feared unemployment, 42 percent, diminished personal security, and 39 percent, price rises (3, p 69).

French society had embarked upon the crisis psychologically unprepared. Only a minority of the French saw the crisis as an economic phenomenon and was prepared to adapt to the new realities. In 1984 only 13 percent of the French were displaying dynamism in the solution of problems posed by the crisis ("activists"). Some French (26.8 percent) placed their hopes in the government or economic and political leaders. They sought "passive security," but were prepared to make their modest contribution to collective efforts. The majority of the French preferred to seek salvation in "social flight". They attempted to find it in the past (the "rigorist" type of consciousness) or in the irrational sphere (the "split" consciousness) or in an "egocentric" approach to life, self-reliance and nihilism in respect of the outside world. In 1984 the "rigorists" constituted 23 percent of those polled, persons with a "split" consciousness, 17 percent, and "egocentrists," 22.5 percent (9, pp 131-142). These different reactions to the crisis reflected long-term socio-psychological processes which were occurring in French society. In the place of a society divided into macro-groups with their social rules and values a far more mobile and heterogeneous society with a multitude of

microgroups has been emerging in the 1980's. The diversity of styles of consumption, cultural standards and lifestyles is growing. Socio-cultural groups differ increasingly among themselves and are becoming alien to one another. The relationship between them is weakening, and alienation is growing. It has been observed that, "like icebergs which have broken off from the glaciers, they are drifting increasingly far apart from one another" (10).

In the diversified, "polycentric" society, in which there is a multitude of the referent groups, it has become far more difficult for the individual to find his "ego," more difficult to identify with some social group or counterpose himself to another group. In the "mass society" of the 1950's-1960's "one-dimensional man" (in Marcuse's terminology) had taken shape. In the "polycentric" society the individual's field for maneuver has broadened considerably for the value system has become the object of individual choice. As a result "multidimensional man" constantly selecting from several behavioral models and value systems is coming into being.

The development of the "polycentric society" is fraught with its own costs and its own inner tension. France today simultaneously lacks both important historical myths which could be the collective basis of the nation and important social projects capable of uniting various socio-cultural groups. Neither the economic crisis nor the left's victory in 1981 were able to rally the French around a new economic model or new social project.

The traditional mechanisms of social regulation were not operating efficiently enough in society and the former social standards had lost their significance. The majority of the French felt that moral standards in society were declining. Some 67 percent believed that at the present time people help each other less frequently than 10 years ago. Only 5 percent of those polled believed that man is by nature good (3, p 2; 1, p 39).

As a result a new socio-psychological tendency—the search for an authoritative way out of the crisis—began to develop in French society. The weakness of national institutions regulating relations between the state and the civil society (parties, unions) and the loss by the mass consciousness of faith in their capacity for finding a way out of the crisis and mobilizing the French around a new social project increased the need for authoritarian solutions. This socio-psychological tendency was fed also by the increased "antiparty" mood in the mass consciousness and the French's nonacceptance of traditional forms of party activity.

There is a certain connection between the centrifugal processes in the socio-psychological life of society and the upsurge of the radicalism of the right and the increased influence of the National Front. The historian E. Roussel emphasized: "There are, of course, among the electorate which supported the National Front supporters of totalitarianism, but the purpose of the majority of

Le Pen's supporters amounts to a protest of an instinctive nature against the emergence of a social system with clear signs of degradation, against a drift toward a civilization devoid of ideals and capable ultimately of becoming a fragmented society, a nation which has lost its memory and faith and for which a grim future has been prepared" (11).

Another socio-psychological reaction—a refusal to recognize the objective socioeconomic causes of the crisis, perception thereof as aggression of the outside world and an attempt to irrationally personify its "culprits"—has also contributed to Le Pen's increased influence. There has been a rapid growth of anti-Arab sentiment. At the start of 1984 some 70 percent of the French advocated immigrants, primarily Arabs, leaving the country (8 No 231, 1984, p 48).

Elements of "collective hysteria" and a fear of immigrants and criminals emerged in the mass consciousness. In some urban districts in which Le Pen has had impressive success there have been practically no immigrants and his electorate have had no direct contact with immigrant communities, but all rumors concerning immigrants' misdemeanors have been blown up as much as possible. This "collective phobia" has engendered an endeavor to step up the machinery of repression, make measures of punishment tougher and increase the demands on legal procedure.

The increase in crime in the country has increased the aspiration to "self-defense". In 1984 the proportion of persons who maintained that "legitimate self-defense" could substitute for the police and the court increased to 29 percent. According to poll figures, 27 percent of Frenchmen kept firearms and 20 percent had acquired guard dogs (9, p 186).

Another socio-psychological reaction born of the crisis has been the intensification of conservative tendencies in the mass consciousness. For some of the French the crisis has not so much an economic as moral basis. They have experienced nostalgia in respect of traditional "dependable" values: religion, the patriarchal family and "order and discipline". Their propositions are simple: "the youth no longer wants to work, the unions have gotten out of hand, the employers no longer have power. For this reason the economy is in a mess." A sociology institute—the Association for Study of the Structure of Public Opinion—distinguished in 1984 a "conservative" type of consciousness (29 percent of those polled) which puts above all else traditional values—the family, work, motherland, order (12, 12 October 1984, p 52).

Other structural processes which had occurred in French society also contributed to the decline in the influence of left ideology. The dynamics of the progress of the forces of the left in the 1970's were essentially based on the growing support for three social groups—the traditional

detachments of the working class, the "educated" categories of the population and the youth. Negative tendencies for the left were showing through in all these strata.

In France a proletarian subculture had crystallized around the concept of classes, a sense of class affiliation and the values of the class struggle. Workers who are the sons of workers and who feel a sense of affiliation to the working class constituted the nucleus of the PCF electorate. As a result of the current structural crisis and the new phenomena in the labor sphere (the expansion of unemployment, the comminution of large-scale industry and the spread of such forms of employment as temporary work or part-time employment) there was a diminution in class self-awareness. In 1976 some 27 percent of Frenchmen were aware of their affiliation to the working class, in 1983, 22 percent, and in 1987, only 15 percent (13).

Prior to 1981 the exponents of the "new values" had been primarily the educated working categories, the inhabitants of big cities and the youth. This approach to the world was accompanied by a critical attitude toward society and a desire for "radical reforms". In the 1980's the structure of the supporters of "radical reforms" (23 percent of those polled in the period 1984-1986) has been modified appreciably compared with the 1978-1980 period. A critical attitude toward society is being voiced increasingly less by persons with an academic degree, Parisians, the youth and French males. In the Paris area the percentage of supporters of "radical change" declined from 34 in 1978-1980 to 26 in 1984-1986. Among young Parisians 30 years and under, from 42 to 28 percent, and among those with college degrees, from 48 to 19 percent (14 No 113, 1987, pp 52-53).

The reorientation of values in these social categories is associated with two factors: the increased significance of education under the conditions of crisis and the change of generation. The level of unemployment is four-five times higher among workers and office workers than among qualified specialists. Persons lacking an education were the social category which experienced the least anxiety in connection with their living standard in 1978 and the greatest concern in 1986. Qualified specialists have begun to perceive the "privilege of learning" and have a far better attitude than other Frenchmen toward technological progress, the introduction of robotics and so forth. On the other hand, a far more traditionalist generation of young people is taking the place of the young people who experienced the ideological influence of the events of 1968.

All polls reveal the attachment of today's French young people to "traditional" values. They more readily live with their parents, aspire to success in professional activity, intend to start a family, have no profound political preferences, are not obsessed with projects of social transformations and do not aspire to the revolutionary restructuring of society. However, they are not conformists or conservatives. Student youth participates



actively in protest demonstrations against racism and social inequality, in defense of its own interests and as a sign of solidarity. Its protests have a value complexion, but these values have not been comprehended and have not acquired the form of slogans or particular ideological patterns and are a display of "emotions" and "passion," and not the result of "intellectual choice" (14 No 1122, 1987, pp 90-91).

Under the conditions of socioeconomic uncertainty and the crisis of the dirigiste methods of administration employed by the government of the left the prestige of enterprise rose sharply. The speeches of Mitterrand and other PSF leaders, who constantly stressed the significance of entrepreneurs and profit in the economic life of the country, contributed to this process. Ideas concerning the fact that the enterprise, competence and drive of the capitalists would make it possible to extricate the country from the crisis penetrated the mass consciousness increasingly powerfully. According to the data of a poll conducted at the start of 1985, some 63 percent of the French had a positive attitude toward the "liberalism" concept (52 percent in 1980), and 41 percent maintained that liberal politicians would handle the crisis better (18 percent, social democratic-type politicians) (8 No 254, 1985, p 43; No 1770, 1985, p 15).

The influence of the ideology of liberalism increased. At the end of 1984 some 72 percent of those polled were demanding a reduction in government intervention in the economy and a broadening of the freedom of enterprise. According to polls conducted in 1984, some 65 percent of Frenchmen supported a reduction in government spending; 63 percent, a reduction in the budget in the proportion of entitlements; 61 percent, a lowering of the maximum rate of income tax from 65 to 50 percent. Approximately 51 percent of the French advocated an easing of the tax burden on enterprises, despite the risk of reduced contributions to the social security coffers (15). Such "left" concepts as socialism, the unions, nationalization and planning lost their attractiveness. The term "nationalization" in 1985 evoked negative emotions in 48 percent of those polled, and positive emotions in only 29 percent, including 59 percent only of supporters of the PCF and 51 percent of supporters of the PSF (16). The market and competition concepts were "rehabilitated".

But the increased influence of liberal ideas by no means signified an analogy of "pure capitalism". The attitude toward economic liberalism was not so much of an ideological as pragmatic nature: the French evaluated liberal methods primarily in terms of the degree of their impact on economic growth. However, even in the name of economic efficiency the French rejected any measures which could have undermined their social gains. In 1984 some 55 percent of those polled disagreed with the proposal for facilitating the redundancy procedure for the sake of greater flexibility of the labor market; 47 percent disapproved of the idea of the development of a private system of medical insurance at the expense of

state social security funds (15). Thus many Frenchmen gradually accepted the ideology of "social liberalism" presupposing an extension of market principles in the economy and preservation of the "welfare state".

The left electorate's disenchantment with the government by no means signified that it supported parties of the right. The decline in the prestige of the PSF in public opinion following the adoption of the "austerity" plan brought about practically no increase in the popularity of the parties of the right. The socioeconomic program of the right was not trusted by public opinion.

As the 1986 parliamentary elections approached, the traditional left electorate, while unhappy with the PSF's abandonment of the antimonopoly elements of its doctrine, came to support the socialists as the sole realistic political force capable of preventing the right's return to power. The moderation of the policy of the new socialist government headed by L. Fabius secured for the PSF the broader support of the center electorate, and this party's image as the political force capable of defending the interests of "ordinary French" and running the country better than other parties became firmly established in public opinion. Only 26 percent of the electorate polled in October 1985 wanted the socialists to revert to opposition in the event of a victory of the right at the 1986 parliamentary elections, whereas 48 percent preferred the Socialist Party to remain in office, forming an alliance with part of the coalition of the right (17). The processes which had occurred in France's political system: the weakening of the PCF, the disappearance of centrism as a politically organized current, the "turn to the right" of the bourgeois parties and the exacerbation of the rivalry between the leaders of the opposition contributed to the freeing for the PSF of quite extensive political space.

All these trends of the development of the mass consciousness and its growing gravitation toward "social liberalism" were manifested in the 1986 parliamentary elections. Having obtained only 42 percent of the vote, the RPR and UDF bourgeois party coalition was unable to impede either the progress of the socialists compared with the elections to the Europarlament (1984) or the electoral success of the National Front (9.6 percent). Together with other parties of the right this coalition could obtain a majority in parliament without the support of the National Front, but a very negligible one, of only two votes.

An abrupt overall shift to the right had occurred in the French electorate from 1981 through 1986. But the socialists still obtained 31 percent of the vote, losing only 6 percentage points compared with the 1981 parliamentary elections. Following the long period of unpopularity of the socialist government, this was a significant and largely unexpected success. Some of the electorate of Mitterrand's 1981 election campaign (up to one-fifth) switched to the opposition, but the PSF was able to make good its losses at the expense of the small parties of the



left, the ecologists and the supporters of certain center groupings and the former electorate of the PCF. The Socialist Party was better able than the bourgeois party coalition to mobilize the electorate which had abstained at the time of the voting in the 1984 European elections and also to win over considerable numbers (38 percent) of the electorate taking part for the first time (18, 18 March 1986).

The PSF became the party with the dominant positions in the left camp. In 1986 it gained the support of three-fourths of the left electorate. The influence of the PCF had weakened considerably (it obtained only 9.8 percent of the vote); the extreme left and the Left Radical Movement practically disappeared from the political scene; the ecologists achieved a very modest result at the elections (1.2 percent of the vote).

The PSF took advantage of the crisis state of France's two main political subcultures—proletarian and Catholic. Since their revival at the start of the 1970's the socialists have penetrated the traditional Catholic bastions. As of the end of the 1970's the PSF began to win over the Communist Party's electorate. The PSF has stabilized its influence on the left flank at a very high level (more than 30 percent of the vote). But the apparent well-being of the PSF concealed the profound trouble of the whole left flank of French politics.

At the 1986 parliamentary elections the position of the PCF deteriorated sharply. It had derived its strength from the well organized party machinery, the firm support of the working class, particularly the working people of the sectors of industry (metallurgy, mining, shipbuilding and so forth) which had historically been bastions of French communism and also from the traditions of the Popular Front and the Resistance.

How is the deterioration in the Communist Party's position to be explained? In the 1980's such processes as the modernization of the traditional industrial sectors, the restructuring of the organization of labor at the major enterprises, the change in the lifestyle of ordinary Frenchmen, the spread of individualist values and a weakening of feelings of solidarity have objectively undermined the basis of the PCF's influence. The technological restructuring which has occurred in national industry has hit seriously at the party's social base, bringing about a numerical reduction in certain traditional worker categories in which the party had deep roots. The working class historically constituted the PCF's main support. Some 36 percent of workers voted for it at the 1978 parliamentary elections, 30 percent in 1981 and only 20 percent at the 1984 and 1986 elections. The PCF's influence among the young people has declined: only 4 percent of college and high school students and 6 percent of persons 25 and under supported it at the 1986 elections. It was unable to compensate for these losses in the new middle strata, among the professionals and among the youth thanks to the working people, who are in an unstable situation owing to the economic crisis.

The PCF found itself largely unprepared for the rapid change in objective conditions which occurred in the 1970's-1980's and has been unable to give sufficiently promptly its substantiated answers to the new questions which have confronted the workers movement. It has not known how to adapt to the profound socioeconomic, political, cultural and socio-psychological shifts which have been taking place in French society. The attempt by the Communist Party leadership to extend its influence to the new middle strata failed owing to the competition of the PSF. The Communist Party was unable to integrate in its ideology the "new values": they proved incompatible with the traditional "proletarian culture". The frequent change in political strategy disoriented the Communist Party's electorate. However, the PSF's victory over the communists and its allies and rivals was "pyrrhic": it deprived France of the political structures which had ensured the dynamics of the progress of the left in the 1970's.

#### **Cohabitation of Political Currents and the 1988 Elections**

Following the 1986 parliamentary elections, F. Mitterrand appointed RPR leader J. Chirac premier. Chirac and Mitterrand drew up a "cohabitation code". In accordance with this, implementation of socioeconomic policy and domestic reforms as a whole was the prerogative of the government. As far as foreign and military policy, which underwent no fundamental change, was concerned, Mitterrand exerted a pronounced influence on its formation.

Mitterrand also retained another function set aside for him by the constitution—that of arbiter. In a new interpretation of the president's role he saw himself as the guarantor of national unity and guardian of "social gains" and the constitution. Without impeding realization of the policy course of the parties of the right, Mitterrand conducted a "psychological war" against the government for public opinion.

The Chirac government proceeded in its short-term economic policy from the assumption that the propitious change in conditions on the world market brought about by the fall in the price of oil and the dollar's exchange rate and the climate of confidence that had emerged among the employers would revitalize the French economy.

The long-term socioeconomic strategy of the new majority was based on three components—denationalization, a lowering of the tax burden on the enterprises and deregulation. Embarking on realization of his election program, Chirac hoped that the accomplishment of a "conservative revolution" would lead to a growth of confidence in the new authorities. In his policy of "restoration" and "reform fever" Chirac manifestly exaggerated the passion of the mass consciousness for neoliberal values. Public opinion condemned the abolition of the wealth tax, the removal of administrative

control of dismissals and denationalization of the TF-1 television company. The program of "Thatcherism French-style" advanced by Chirac was by no means enthusiastically received by the electorate. In the ideological sphere the left partially regained its positions. Such concepts as profit, competition and liberalism lost their attractiveness somewhat. In October 1985 the profit concept was evaluated positively by 44 percent of persons polled, negatively, by 31 percent, in October 1987, by 40 and 30 percent respectively. The proportion of persons attributing themselves to the right fell from 36 percent in October 1983 to 29 percent in October 1987, while the percentage of Frenchmen identifying themselves with the left grew from 34 to 36 percent (19 No 799, 1987, pp 52-53).

The Chirac government implemented reforms by authoritarian means, demonstratively refusing to maintain a dialogue with the unions. But the right manifestly underestimated the working people's capacity for resistance. The cultivated "strong government" image was thoroughly rocked by the student disturbances and strikes which rumbled through the country on the frontier of 1986-1987. The explosion of discontent and the retreat of the cabinet, which announced, after a week of agonizing fluctuation, a "pause" in the implementation of social reforms, revealed the miscalculation the leading force of the center-right coalition—the RPR. A political strategy which was oriented toward conservative-right elements of the majority and the winning over of the electorate which had voted for the National Front corresponded to the government's socioeconomic policy. But the center electorate, not to mention the left, was unhappy with Chirac's policy. It was no accident that R. Barre was ahead of the premier in terms of popularity in the electorate of the governing majority.

Throughout 1987, Chirac did everything to shore up his prestige in public opinion. On the eve of the presidential election the government eased somewhat the burden of the "austerity" policy, and the French received "handouts" in the form of tax cuts. Chirac knew how to trim his socioeconomic measures to the "political calendar": by April 1988 the indicators of inflation, unemployment and purchasing power had improved somewhat. The government had made certain headway in the fight against crime. In addition, Chirac had considerable advantages in the rivalry with Barre: he controlled the civil service, as premier he was formally the head of the ruling majority, the strongest party of the right was at his disposal and during the election campaign he displayed exceptional drive and dynamism. All this enabled Chirac in the first round of the presidential election to gain 19 percent of the vote, and his political opponent, 16.5 percent.

But having won the duel with Barre, the RPR leader lost the fight owing to the abrupt strengthening of the positions of the National Front. The Le Pen movement is not an ephemeral phenomenon. Following the success at the elections to the Europarlament in June 1984 (11 percent

of the vote), National Front structures were rapidly organized throughout France: NF federations emerged in various départements of the country, and party cells were created everywhere. The authors of the monograph "The Le Pen System" emphasized: "The far right has ceased to be an abstraction: thanks to Le Pen and the National Front, it has become a tangible and concrete reality, whose strength everyone may sense in his own town or his own neighborhood" (20). The number of NF members has reached 60,000-70,000, and in terms of its activist potential the Le Pen party is in fourth place among French parties after the PCF, RPR and PCF.

The majority of the French (60-70 percent) were at the end of 1987 hostile toward Le Pen, but NF propaganda influenced 20-25 percent of the electorate. In October 1987 some 23 percent of persons polled wished that he had run for president (19 No 787, 1987, p 27). But the support for Le Pen's candidacy by no means signified French society's slide toward a radicalism of the right. For considerable numbers of the NF electorate voting for Le Pen was a kind of form of protest against the crisis and a way of "letting off steam". Only 28 percent of the NF electorate wanted "deep down" Le Pen to be elected president of France (7, 12 April 1988).

The attitude toward the NF has become a most important political divide in French society, and the 1988 presidential elections were focused on the "Le Pen phenomenon". Fear of the PCF ceased to cement the right, whereas the threat of rightwing extremism rallied the left camp and was the ferment of the split in the center-right coalition. Supporters of a hard line headed by Minister of the Interior C. Pasqua called for the adoption of the main NF slogans to thereby rob it of the support of the far right elements of the electorate. For this, he believed, it was essential to pursue a consistent anti-immigrant policy, afford the police more opportunities in bringing order to bear in the country and emphatically combat the decline in moral standards. Certain leaders of the majority went even further, demanding the conclusion of an alliance with Le Pen. True, there was in the ruling majority also a group of implacable opponents of Le Pen, particularly among Social Democratic Center politicians. Their position is approved by certain young RPR politicians (D. Seguin, A. Carignon, M. Noir).

Chirac manifestly attempted to win the support the electorate belonging to far-right circles. Speaking in Marseille, the bastion of the National Front, he declared that he "understood" the citizens' hostile attitude toward foreigners, although he disapproved of racism. In Marseille he constantly touched on topics close to Le Pen's electorate: toughness in respect of immigrants and the fight against crime. Simultaneously he renounced any agreements with the NF on a national scale.

However, this strategy was founded on false postulates.

First, its adherents proceeded from the prerequisite that Le Pen's electorate were merely "lost sheep" who were prepared to return to the "classical" bourgeois parties. But the supporters of the "front" were in terms of their social characteristics sharply different from the electorate of the "classical" bourgeois parties. From 1984 through 1987 the proportion of young voters (aged 18 to 34) in the NF electorate increased from 31 to 43 percent, of workers and employees, from 37 to 63 percent (7, 26 May 1987). It was a question of young voters representing working France, some of whom were connected with parties of the left. It was exceptionally difficult for the "classical" parties of the right to entice this type of voter to their side.

Second, it was based on the assumption that the electorate of the right (NF supporters particularly) were expecting of the government primarily quick successes in the fight against crime, decisive anti-immigrant measures and a defense of traditional moral values. But neither the wide-ranging set of measures implemented by Chirac in the fight against terrorism in September 1986 nor the deportation of 101 Malians at the end of October 1987 nor the crusade against pornography initiated by Pasqua in the spring of 1987 had weakened Le Pen's influence. He was holding on to his electorate even in the south of the country, where the right was pursuing a policy of peaceful coexistence with the NF.

Third, it was assumed that the outcome of the presidential election would depend on Le Pen's supporters. In Chirac's opinion, NF voters had decided the fate of the duel between him and Barre in the first round, and they would determine the outcome of the second round. Consequently, it was necessary to display a certain softness toward Le Pen. But these calculations failed to take account of the fact that the vast majority of the electorate, including many supporters of parties of the right, saw the "front's" existence as a danger for democracy. The policy of "flirting" with the NF did not alter the basic orientations of Le Pen's current supporters but it repelled his opponents.

At the 1988 presidential election Le Pen obtained 14.4 percent of the vote. On the one hand Le Pen was supported by the part of the electorate of the right which was unhappy with Chirac's government. Among those voting for the NF were 24 percent of property owners, 31 percent of retailers and craftsmen, 21 percent of persons of the free professions, 18 percent of farmers and 17 percent of small shareholders. On the other, the NF extended its influence in the social categories which have traditionally voted for the left. Le Pen obtained 16 percent of the vote of workers, 21 percent of that of retail employees and 19 percent of that of the unemployed. He was supported by 21 percent of Force Ouvriere union members. At the presidential election Le Pen retained 90 percent of the NF electorate of 1986, but simultaneously managed to win over 15 percent of the electorate of the "classical" bourgeois parties and 5 percent of the PSF electorate. According to certain figures, in 2 years the NF

has increased its influence among craftsmen and retailers by 13 points, and among workers, by 10 points. The NF electorate has become more male (17 percent) and younger (7, 27 April 1988). The populist features of the NF's electoral corps, which combines small-scale proprietors and representatives of working France (workers, employees), have been more apparent since the presidential election.

The NF's success was reflected in the position of the "classical" parties of the right. First, their "electoral weight" fell sharply. In the first round J. Chirac and R. Barre obtained a total of 36.5 percent of the vote, that is, 8 percent less than the RPR and UDF at the 1986 elections and 12 percent less than the representatives of the right at the 1981 presidential elections. Second, the "classical" right was deprived of a popular base completely. Only 7 percent of workers voted for Chirac, and as many also, for Barre. Third, the electorate of the "traditional" bourgeois parties has become heterogeneous. Prior to 1974 the Gaullist electorate was more popular than the electoral corps of the centrists and more "progressist". Having gained control of the RPR, Chirac, in order to expand the influence of the Gaullists in the country, employed the most diverse ideological formulas—from the "contemporary laborism" in the mid-1970's and nationalist slogans at the time of the elections to the Europarlament in 1979 through the liberalism in the spirit of M. Thatcher and R. Reagan at the time of the "left experiment". As a result the electoral base of the RPR and the UDF had in the 1980's become more homogeneous. But Chirac had not succeeded in winning the center electorate, and he simultaneously lost the popular electorate of Gaullism and the most conservative categories of his electoral base, in whose eyes he appeared a "soft liberal". In the course of the duel between Chirac and Barre the electorate of each of the two candidates acquired its own specific character. Chirac's electoral base consisted of the categories which had traditionally supported the right: voting for him were 36 percent of the farmers (for Barre, 16 percent), 36 percent of persons of the free professions (16 percent), 27 percent of the "top personnel" (22 percent) and 31 percent of the French over the age of 65 (17 percent). However, Chirac did not enjoy the support of wage workers, and Barre competed successfully with him among the "middle personnel," teachers and retail and office employees. Ideologically, Chirac's electorate was more of the right, Barre's, more "moderate" and "centrist". Chirac's electorate more often declared itself to be of the right than the supporters of Chirac [as published]. Some 45 percent of Barre's electorate supported the idea of a "multi-racial" society (as did only 32 percent of Chirac's supporters). Some 51 percent of the electoral corps condemned the idea of an alliance with the NF, whereas 55 percent of Chirac's supporters approved it (7, 27 April 1988).

The fragmentation of the right electorate into three parts and its ideological heterogeneousness deprived the candidate of the right of any chance of victory in the second

round. On 8 May 1988 some 700,000 supporters of Le Pen and 500,000 supporters of Barre voted for Mitterrand. The "deserters" belonged to two types of voter. Barre's supporters were ideologically close to Mitterrand: they attributed themselves to the center and were attracted by the idea of the creation of a "social-center" government. Le Pen's supporters were, on the other hand, sociologically close to the left: workers and employees, who had previously voted for the candidates of parties of the left and had in the first round expressed their protest, but who had in the second round preferred Mitterrand to Chirac. Compared with the result of all the candidates of the right in the first round, Chirac lost 11 percentage points among the workers (26 percent), 10 among the "middle personnel" (42 percent) and 10 among the office workers (36 percent) (18, 10 May 1988).

The Socialist Party had finally gained the dominating positions in the left camp. At the 1988 presidential election the PSF's electorate constituted 75.2 percent of the left electorate. In the political sphere two factors weakened the positions of the PCF—the establishment of PSF hegemony in the left camp and the emergence of a powerful far-right party. The National Front snatched from the Communist Party its traditional function in the French political system—that of protest and the political expression of the feeling of discontent and desperation.

At the presidential election the PCF lost voters in all social and occupational categories. Only 2 percent of the "top personnel," 4 percent of "middle personnel," 6 percent of office workers and 3 percent of college and high school students voted for P. Lajoinie, candidate of the PCF. Only among the workers and the unemployed did the PCF garner more than one-tenth of the electorate (15 and 11 percent respectively). The PCF sustained its biggest losses among the relatively young voters (compared with 1986, of 6 points among persons aged 25-34, and of 5 points among persons aged 35-49) (18, 27 April 1988).

In the "cohabitation" period the PSF had firmly retained its reputation as France's first party. It relied on F. Mitterrand's popularity in the country. But it lacked a clear-cut political strategy and long-term program. The PSF substituted for the lack thereof adroit political tactics. In the 2 years of "cohabitation" Mitterrand's image as national arbiter became entrenched in the public mind. According to a poll conducted in September 1987, half of the French maintained that the "real Mitterrand" was the president of "cohabitation," arbiter and guarantor of national unity. Even in the opinion of the right electorate (51 percent) Mitterrand had changed since 1981. Some 36 percent of them believed that, were Mitterrand to be reelected and acquire all constitutional powers, he would still be "president of all the French". In addition, 38 percent of the supporters of the parties of the right were convinced that the evolution of Mitterrand's views had not been a tribute to political expediency (12, 11 September 1987, pp 7-11).

The change in the slogans of the election campaign facilitated Mitterrand's assumption of his new role. In 1981 the main theme at the elections had been unemployment. Inscribed on PSF posters was the slogan: "Employment Above All". In the present campaign different tones predominated: immigration, racism, anti-Semitism, growth of the ultra-right danger. It was this fact which enabled Mitterrand, advancing slogans of the defense of republican values, to broaden his electoral base at the expense of the political center. For considerable numbers of French Mitterrand had become a kind of guarantor against France's slide toward rightwing radicalism.

As a result Mitterrand had dual support in the electoral body: both traditional, among the left electorate, and new, among those who did not pertain to the left electorate. Whereas on 10 May 1981 some 80 percent of Mitterrand's electorate had declared itself to be of the left, in February 1988 this figure was only 70 percent. Whereas 7 years previously 3.3 million of Mitterrand's electorate did not consider themselves of the left, now, according to the February polls, their numbers had risen to 5.2 million. In February 1988 the proportion of those intending to vote for Mitterrand in the second round among persons attributing themselves to the center had grown from 34 percent in 1981 to 52 percent in February 1988 (7, 23 March 1988). In order to hold on to the "nonleft" electorate Mitterrand endeavored to appear as figure above the parties, the "father of the nation" and a political leader capable of bringing the French together.

A paradoxical situation had taken shape at the 1988 elections. The main structural processes which had occurred in French society in the 1980's had been negative for the left—the erosion of the proletarian subculture, the shift toward more conservative values of the most dynamic strata of French society—the educated categories of the populace and the youth—and the change in public opinion in the direction of economic liberalism. But, like the socialists in 1981, the Chirac government had manifestly exaggerated these trends. The ineffectiveness of its policy led to the restoration of balance in the ideological sphere. In May 1988 the majority of French were demanding a halt to "privatization" (55 percent) and the restoration of the wealth tax (63 percent) (7, 11 May 1988). The political conditions were more propitious for the left: the right was split in its attitude toward the NF and the policy of rapprochement being pursued by F. Mitterrand. But, for all that, the correlation of forces had undergone no cardinal change in the 2 years. According to a survey conducted in February 1988, the right maintained its preponderance: 52 percent of those polled wanted the candidate of the RPR-UDF coalition to win in the second round, 48, the PSF candidate. Thus the outcome of the election was decisively influenced by the figure of the presidential aspirant from the Socialist Party—F. Mitterrand.

France had moved considerably to the right compared with the start of the 1980's, but the majority of the



French was attracted by the image Mitterrand had created of "unifier and democrat". According to the polls, the French, evaluating Mitterrand and Chirac, clearly preferred the president of France in three fields of activity—in the defense of social justice, in the bringing together of the French and in ensuring the regulation functioning of state institutions.

In the first round of the presidential elections Mitterrand was unable to maintain the 1986 PSF electorate (he was supported by only 75 percent of the latter's supporters), but he compensated for his losses thanks to the people who had stayed away in 1986, of whom 38 percent voted for him, and thanks to first-time voters (34 percent) and the PCF electorate (13 percent). In the second round Mitterrand gained the vote of the entire left electorate, 22 percent of Le Pen's electorate, 13 percent of Barre's electorate, of 78 percent of the electoral corps of the ecologists and of 65 percent of those who had abstained in the first round (18, 27 April 1988; 10 May 1988). Considerable numbers of the electorate which decided to support Mitterrand in the second round voted for him "to bar the way to the other candidate" (from the 42 percent of PCF supporters to 29 percent of the "ecologists," 26 percent of Barre's electorate and 27 percent of Le Pen's electorate).

At the presidential election Mitterrand appeared simultaneously in three positions—a kind of monarch, leader of France's left and arbiter. As president of France, he attracted the votes of the legitimist electorate: persons over the age of 50 (by 7-8 points more in the first round than the Socialist Party in 1986), the farmers (by 9 points more) and craftsmen and retailers (by 7 points more). As permanent candidate of the left (in 1965, 1974 and 1981), he easily mobilized the "people of the left". As arbiter, Mitterrand enticed the supporters of "consensus".

Mitterrand had an important advantage over the other candidates: he instinctively perceived any fluctuations in the French mood. A professional politician of almost 50 years standing, he was the first to call attention to such processes as the "de-ideologization" of the mass consciousness, the growth of antiparty sentiments and the decline in interest in social affairs. He sensed that this mood essentially concealed "emotional deficiency and collective frustration" (in A. Duhamel's words) (7, 7-8 February 1988). Individualism, an aspiration to personal autonomy and the "privatization" of life were combined in the public mind with a desire for solidarity and social protection and an aspiration to a warmer and more human society. After March 1986 Mitterrand's family nickname of Tonton ("uncle") came into national use. He sympathized with demonstrating students, striking railmen, the Malians who were expelled from France and the Kanaks who had been beaten up in New Caledonia. He understood the concerns and needs of all France's "children" and sympathized with all of them. And in response to the guardianship the French gave him their trust.

F. Mitterrand's victory in 1988 came after 5 years of the "left experiment" and 2 years of "cohabitation". It was not accompanied by a sharp increase in the popularity of the president and the premier and an upsurge in the level of expectations (as in 1981). After 8 May 1988 only 26 percent of the French thought that Mitterrand's success would bring positive changes in their day-to-day life. After 7 years expectations had fallen particularly heavily in the left electorate: among the PCF electorate from 85 to 32 percent, the PSF electorate, from 72 to 49, among the workers, from 59 to 32, and among young voters (aged 18 to 24), from 54 to 27 percent (7, 4 June 1988). The motif of change was absent in the 1988 election campaign. The French had lost faith in the capacity for emergence from the crisis by political means and voted for Mitterrand in the name of social stability ("it could be worse").

The gravitation toward the creation of a "social-center" coalition was strong in the public mind. In May 1988 some 56 percent of persons polled (including 64 percent of Chirac's electorate) declared that figures of the center-right parties should participate in a socialist government. The French are against the Socialist Party's monopolizing of power. Only 22 percent of those polled supported the idea of a homogeneous socialist government, 13 percent, a government of a union of the left. Even a majority of the PCF's electorate (53 percent) advocated a government uniting the socialists and centrists (7, 11 May 1988). Thus the model of consciousness which had spread among the PSF's "new voters" on the eve of the 1981 presidential election had broadly penetrated the electorate at large. The majority of the French would have been impressed by a government which incorporated M. Rocard and V. Giscard d'Estaing (or R. Barre).

Following Mitterrand's impressive victory, the socialists were tempted to abandon the "social-center" coalition formula, dissolve parliament, attempt to win the elections in isolation and form a one-party government. The parliamentary elections, which were held on 5 and 12 June 1988, confounded the socialists' calculations. A record number of voters (34.7 percent) stayed away in the first round. Such high absenteeism was caused by the French's loss of trust in politicians, their reluctance to choose between similar programs and a weariness from frequent ballots. But the absenteeism was at the same time a form of political behavior also. Part of the left electorate did not support the socialists' aspiration to broaden their political base at the expense of the centrists, some, on the other hand, did not want an inordinate concentration of power in the hands of the PSF.

PCF candidates obtained 11 percent of the vote, improving their cause considerably compared with the 1986 elections and the presidential election pointers. The PCF gained extra votes thanks to the absence of candidates of far-left groupings. It profited from the high level of absenteeism and the policy of "openness" toward the center, which caused a drain of some of the "people of the left" away from the PSF. Finally, its upturn was



aided by the "red municipalities" and the system of its social relations locally. But the PCF's success was highly relative. The party remained at the 1984 level in terms of its relative significance in the electorate and at the 1986 level in terms of the number of votes. The June 1988 result was remission, and not recovery.

The National Front obtained only 9.65 percent of the vote and one seat in parliament. It lost 40 percent of the electorate which Le Pen had won at the presidential election. However, the scale of the NF's defeat should not be exaggerated: it held on to the part of the electorate which had voted for Le Pen candidates in 1986 and which has been a major political force for 4 years now—a phenomenon of exceptional rarity for the extreme right in France. While having lost votes, the NF gained "respectability". In withdrawing its candidates in the second round in eight constituencies of the Bouches-du-Rhone Departement, the center-right coalition made a tacit deal with Le Pen. In response the ultra-right withdrew its candidates in the constituencies in which it had obtained more than 12.5 percent of the vote, but had lagged behind the center-right candidates.

But the main result of the 1988 parliamentary elections was that they made an alliance between the socialists and the center a political imperative. For the first time in the 30-year history of the Fifth Republic France was left without a firm parliamentary majority. A resuscitation of the union of the left is unlikely. In 7 years the ways of the PSF and the PCF have parted conclusively: on the basic problems of France's development they hold to opposite positions.

The rapprochement of the socialists and the centrists is a long-term process. France will for some time be run by a minority government consisting of socialists and individual figures of the center, but both the PSF and the center groupings (primarily the Social Democratic Center) are preparing the conditions for political rapprochement.

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#### Overview of French-Soviet Trade

18250050 Moscow KOMSOMOLSKAYA PRAVDA  
in Russian 19 Nov 88 p 5

[Article by N. Dolgoplov, KOMSOMOLSKAYA PRAVDA correspondent: "An Expedition of Enterprising People"; first paragraph is KOMSOMOLSKAYA PRAVDA introduction]

[Text] Until relatively recently France was considered our major trading partner in the West, but little by little she has faded into the background. Bilateral trade has been frozen at the level attained at the beginning of the 1980's. Directors of 17 major Soviet enterprises set for themselves the task of correcting this situation and travelled to Paris on a one-week business visit with authority—before unheard of—to independently sign any agreement with their foreign partners.

What trade do we conduct with France? The export structure is, unfortunately, traditional—from 80 to 85 percent is comprised of energy resources, oil and gas. The share of machine equipment deliveries comes to just close to four percent in spite of every effort on our part, most of this attributable to "Zhiguli." It does happen that you will see refrigerators, televisions, clocks, watch

mechanisms, even consumer goods in the French capital or in the provinces marked "Made in the USSR." But such chance occurrences are rare. Many French simply do not believe in the high quality of Soviet products and doubt the reliability of their Eastern partner. Many times you have occasion to hear, even from the businessman favorably disposed to us, of "the Moscow bureaucracy, capable of stifling any "active" business, of Moscow's unwillingness to take responsibility, and of the endless traipsing up and down the floors of ministries, where minor officials are truly minor and you do not get to see the important people. But trade conducted without deep roots, without mutual interest, is not trade.

It would be naive to suppose that the pampered and over-saturated French market is awaiting our products with open arms. And top-quality goods must filter through a structure of experienced suppliers—sharp-witted people who have adapted to today's situation. It will only get more difficult in the future. By 1992 countries of the European Economic Community will have introduced unified standards—by our understanding exceptionally high—for all production varieties.

The need for constructive change is evident. Better business contacts are being facilitated by the preparation for French President F. Mitterand's visit to our country, during which problems of economic cooperation will be discussed.

One confirmation of this is the arrival in Paris of 17 leading directors from Moscow, Leningrad, Zaporozhye, Tallinn... They are leaders in our industry who are considered outsiders in the West. The task of these energetic, young-looking advocates of perestroika is clear—to establish or strengthen contacts with their French partners. They must show that we still have something to trade. We must establish joint enterprises and do it quickly, decisively. The trip was organized by the USSR Industrial Trade Bureau. The directors were assisted by employees of the Soviet trade representation and Soviet institutions in France.

A fundamentally new approach was seen in the fact that these business leaders were given the opportunity to make their own decisions, without prompting or restraint.

Right at the Paris airport gate I picked out three directors at random as they arrived and asked them the same question: "What have you come with and what are you hoping for?"

Konstantin Mikhaylovich Manenkov, from the Odessa Machine-Building Association, was optimistic: "We have been working with the French a long time. This is the fourth year we have exported our machine-tool centers, but the volume is not great. We would like, with the help of our permanent partner "Linne" and our

"Stankoprom" [Machine-Tool Industry] company, to extend our production to the European market. We also have thoughts of joint production.

Vyacheslav Alekseyevich Lavakin, general director of the "Svetotekhnika" production association, was a bit surprised at my ignorance:

"Well, you probably know us. Every fourth lamp in the USSR is made in Saransk. Our specialty is everyday light fixtures and appliances for industry. We export to 50 countries. We've established our own foreign trade firm and operate directly, without ministry visas. And we would like to trade with France, but our present deliveries are scanty. We would like to open up relations with three or four firms."

Anatoliy Stepanovich Krupko, director of "Rigaseilmash," knows the value of his products: "Our relations with France are fine. The Soviet "Aktif-avto" is working as it should and our exports amount to 320 fertilizer-spreading vehicles per year. We must expand deliveries. I want to get a personal feeling for how the market is breathing and what the price levels are."

A week of talks and reflection rushed by like lightning. Three or four meetings each day were conducted with actual and prospective partners. There were meetings with the French business elite and with the management of the French-Soviet Trade Bureau. The directors travelled around the country and inspected plants which produce similar products. They tried to diffuse French skepticism and fears concerning the quality of Soviet production. The overall impression was that we can cooperate and compete and that, with minor exceptions, our goods are suitable for this market. The visit was extraordinarily useful. We decided over the seven days what might have taken months, if not years.

And how are things going for "my" three directors?

"Come down and visit!" general director Manenkov writes from Odessa. "We have found new buyers. We will be conducting a seminar in our city in which foreign firms will participate. Most importantly, we have signed a protocol agreement—we, the Linne firm and Stanko-France are establishing a joint enterprise in Odessa for the production of machine-tool centers. We will be able to ship abroad 10 to 15 times our present production volume."

So the situation in Odessa is clear. What about the lamps?

"We are satisfied. We met with representatives of 11 firms," Lavakin stated. "One of these is not averse to buying from us... No, I won't cite figures but, believe me, they are solid. Tests have already been conducted and our partner is fully satisfied with the results. The others are not averse to visiting our association. We've made

arrangements and are waiting for them in Saransk. Some of our standards are not satisfactory. We will do some thinking as to how to raise our products to world market level."

But my third conversation, with Krupko from Riga, was not so bright and pleasant: "The French are interested in our new vehicles. But I don't want to talk about that. I feel bad for the Soviet worker. What does he have to show for his work in the export business? Yes, the enterprise now sees a profit in convertible currency. But

as director I have to try to spend this to meet social needs. We need medical centers with modern equipment, sports facilities, a hotel for rest and relaxation. Impossible! Why? After this, how can I tell the plant worker—"We must have only the highest quality!"? The worker doesn't need words or slogans—he needs something concrete as a return."

The expedition flew home in a good frame of mind and without any loss or damage. The first campaign went well. Others will follow.

**Bulgarian Ambassador Interviewed on Career,  
Soviet-Bulgarian Relations**

*18070553 Moscow PRAVDA in Russian 10 Mar 89 p 3*

[Interview with Georgiy Pankov, Bulgarian Ambassador Extraordinary and Plenipotentiary in the Soviet Union, by B. Averchenko and O. Losoto]

[Text] We are continuing our meetings with accredited ambassadors from the socialist countries in Moscow. This time we came to Mosfilmovskaya Ulitsa where in recent years they have created an entire diplomatic city. Here in the building of the Bulgarian embassy we held our conversation with the Bulgarian Ambassador Extraordinary and Plenipotentiary to the Soviet Union, Georgiy Pankov.

[Averchenko] Comrade Ambassador, perhaps we should begin by getting acquainted. Tell us about yourself, about your embassy. What does it do? What kind of people work here?

[Pankov] I was born in the country. My parents were peasants. In 1946 I came to study in Leningrad. I soon moved to Moscow and in 1951 I completed the Moscow Chemical Technological Institute imeni Mendeleyev. In Bulgaria I worked in various positions in the chemical branch. I was minister of the chemical industry for 12 years. And now I am an ambassador. I am a member of the Bulgarian Communist Party. I entered the komsomol in 1939. I was the first secretary of the underground Komsomol organization in the gymnasium and a member of the rayon Komsomol committee. Now I am a deputy of the National Assembly and a member of the Central Committee of the Bulgarian Communist Party. I am a member of the government and a Hero of Socialist Labor.

[Averchenko] And for what were you awarded the title of Hero?

[Pankov] For the development of the chemical industry in Bulgaria.

[Averchenko] Do you have a family?

[Pankov] Yes, I am married. I have two sons. One is a chemist and the other is a construction engineer. They work in Bulgaria. And I have one grandson—he is 3 years old and called Gergana. He has already been to Moscow twice. That might be enough about me.

[Averchenko] And about the embassy?

[Pankov] The embassy's main task is to contribute to the constant deepening and expansion of all-around cooperation between our countries. We are devoting a great deal of attention to scientific-technical and economic ties. More concretely, this is scientific-technical and production cooperation among the enterprises, cooperatives, and organizations of our countries. Today our goal is to move on to a deeper interaction between Bulgaria

and the Soviet Union in all spheres of life. Working in the embassy are experienced diplomats, specialists in various areas of activity who speak Russian well, and many have experience in party work under their belts.

[Averchenko] Our friendship is long-standing and well tempered, but still new times also require new efforts.

[Pankov] Yes, new times require new approaches to cooperation, new content, and greater dynamism and effectiveness. About 60 percent of Bulgarian commodity turnover involves the Soviet Union. The times dictate that we introduce more effective forms of cooperation and that this cooperation serve for further raising the standards of living of the fraternal nations. Now our cooperation should be defined and the problems that arise should be resolved not by political means but with the help of economic factors. Today it is not so easy to defend our presence in the international market. It can be defended only by economic methods, and this requires that we be competitive, have high-quality products, make our deliveries punctually, and fulfill all commitments precisely.

The scope of our cooperation is shown by the fact that the long-term trade agreement for the period of 1986-1990 stipulates what the volume of commodity exchange will reach 70 billion rubles.

The problem, however, lies not only in the immense scope of commodity exchange. Qualitative changes are also being made in economic and scientific-technical ties.

At the last session of the Intergovernmental Commission on Economic and Scientific-Technical Cooperation in October of 1988 it was decided to begin to create conditions for the formation of a unified Soviet-Bulgarian market. New possibilities are appearing for the development of integration processes and a broad space is being opened up for bold breakthroughs in the area of scientific and technical progress.

[Averchenko] Where do you see the possibilities of effectively combining the forces of the two countries? Facts show that we are moving slowly in the direction of filling our markets with goods that are in short supply.

[Pankov] I see such possibilities in many areas. For example, in electronics, chemistry, biotechnology, robotization, and so forth. We have a critical demand for passenger cars. As you know, we have prepared a trilateral agreement for jointly producing an automobile. We are now ready and we are convinced that before the end of the first half of the year we shall be able to sign a bilateral agreement with the Soviet Union in the area of the production of passenger vehicles. In keeping with this we shall deliver engines, electronic equipment, and other batching items for the "Tavrin."

In my opinion, we must create bases for joint ownership. Under these conditions it is even easy to solve price setting problems, and they are currently among the most critical ones. The question is two to reform the prices. We must create a price setting mechanism that will operate automatically. Bulgaria is in favor of jointly solving the problem of the price setting mechanism. We have already signed an agreement concerning the convertibility of currency and the utilization of national currency. Now I think we have also signed an agreement between the banks for providing service of joint enterprises. I have already mentioned the creation of a joint market. There is no need to wait until all the mechanisms and normatives are prepared. All these problems should be worked out right away. If we do not succeed on a multilateral basis they should be resolved on a bilateral basis. Then whoever wants to can join in. But we must act.

[Averchenko] PRAVDA readers would like to know what Bulgaria will deliver to the Soviet market in the next few years.

[Pankov] We are proposing to develop cooperation in the area of household equipment. Bulgaria is prepared to participate in the creation of joint capacities in this area. We are proposing to expand interaction and production cooperation in the area of household equipment, light industry, the perfume and cosmetics industry, and the production of other consumer goods. The people are waiting for concrete results.

[Averchenko] Where do you see the difficulties? Where are the bottlenecks?

[Pankov] The new forms of production and scientific-technical cooperation have more and more frequently become a significant source of the development of integrated interaction. Reciprocal deliveries along the line of new forms provide a significant volume of commodity turnover between the two countries.

Direct ties and joint associations are not being used sufficiently for solving problems of coordinated development. Significant problems exist in the normative and methodological documentation, price setting, and material and technical supply. There is still a good deal of parallelism and formalism in scientific and technical cooperation.

Let us return to price setting.

You have very low wholesale prices for raw materials and fuel. Therefore it sometimes happens that one Bulgarian commodity or another is disadvantageous to the Soviet Union because of its price. Now that discussions are being conducted directly among the plants and enterprises they are finding solutions and reaching agreements. In Bulgaria price setting is based on international prices. Since more than 70 percent of our national income is formed on the basis of foreign economic

activity, the country can develop only through active and effective participation in international division of labor. And this raises very important problems for us. Therefore the international price has also become a fundamental principle in the formation of the enterprises' incomes and also domestic price setting.

[Averchenko] Let us now speak about cooperation. Perhaps we should also say a couple of words about ties in an area such as culture.

[Pankov] I must say that cultural cooperation between our countries is exceptionally important and plays an important role in the process of all-around rapprochement and interaction between the Bulgarian and Soviet people. I must say that the cultural information center which we opened is evoking a great deal of interest from Moscow residents and guests of the capital. Activities are taking place every day there. More than 25,000 people visited it this year.

The restructuring that is being carried out in our two fraternal countries creates prerequisites for raising cultural cooperation to a qualitatively new and higher stage. We frequently use this expression and we are using it now, but we do not always reveal its content and means of measurement. If I could characterize in a couple of words what I understand by a qualitative upsurge in the sphere of culture, I would discuss the expansion of interstate cooperation and the development of direct interaction among individuals and among people in general. This, naturally, also includes the search for mechanisms for cultural interaction and the introduction of more flexible planning which would make it possible to rapidly gain mutual familiarity with the latest achievements of the culture of each of the countries and direct cultural contacts between our country and the Soviet republics.

I think we must jointly revise our approaches to certain large-scale measures: to give creative workers to opportunity to look for and select their own forms of cooperation and direct cultural exchange toward the individual person and his spiritual world.

We must more extensively publicize the achievements of writers, visual artists, and other creative people through the mass media.

[Averchenko] Television provides especially great possibilities here.

[Pankov] I agree. But the main thing is to publicize the best. We have a great deal of quantity; what we need is quality.

[Averchenko] Since we have already begun to speak about this subject, there is one painful issue here. We receive letters from Bulgaria with complaints about the service for tourists in the USSR which is, frankly, not always the best. But there are also letters from our



tourists: the situation in Bulgaria has changed during the last year or two, prices for passes have gone up while service, as they say, has remained at the same level. How would you comment on this?

[Pankov] Yes, each year the demands of Soviet tourists coming to Bulgaria increase. Our country is taking measures to raise the level of service so that it will meet the new requirements.

[Averchenko] How many Soviet tourists does Bulgaria receive?

[Pankov] About 500,000, I think. There are very many who wish to vacation in Bulgaria. We have no complaints.

[Averchenko] How do our countries carry out cooperation in the area of education?

[Pankov] We have accumulated rich experience in this area, and stable traditions have been created. We note with satisfaction that a significant detachment of Bulgarian intelligentsia have received their training and qualifications in Soviet VUZ's and scientific institutes. Thus, for example, more than 25,000 Bulgarians have received their higher education in the USSR, and more than 4,000 specialists have earned their scholarly degrees there. People educated in the Soviet Union hold key positions in economics, culture, science, education, and so forth.

[Averchenko] And how many are studying here now?

[Pankov] There are about 5,000 students and about 1,000 graduate students. They are studying mainly in Moscow, Leningrad, Kiev, and other cities of the republics.

[Averchenko] The readers are also asking this question: Have many Russian women have married Bulgarians? And vice versa?

[Pankov] Integration is proceeding in all directions. There are quite a few Soviet women who have married Bulgarians because there are several thousand of us working in the Soviet Union.

[Averchenko] Incidentally, tell us about this.

[Pankov] Take the Komi ASSR. There are 17,000 Bulgarians working there along with their families. Moreover, they chop trees, prepare timber, and construct roads, hospitals, schools, and residential buildings.

Another group of Bulgarians is working on the construction of the gas line. Bulgarians are also working at many other sites. There will be 1,500 working in Krivoy Rog on the construction of an ore enriching combine. Many come as bachelors and get married here; the girls get married and then go to Bulgaria.

[Averchenko] Now tell us about the cooperation between the BCP and the CPSU.

[Pankov] The ties between our parties are long-lived and close. Mutual respect and confidence and constant interaction between the CPSU and the BCP are the pivotal point and the guarantee of the development of Bulgarian-Soviet cooperation and friendship. The fundamental similarity of the directions and goals of restructuring in Bulgaria and the USSR which has been started by the two parties opens up broad possibilities and prospects for further qualitative enrichment of our interparty interaction. We are jointly searching for the most effective forms of cooperation. We are drawing up a draft of a document concerning cooperation in the area of ideology.

In their efforts to direct state policy both parties give priority to man and the establishment of the role of man—the creator of the new society. At the same time there is greater cooperation on problems of protecting human civilization, strengthening peace and international security, and developing civilized relations and cooperation among states and nations.

The interaction of our fraternal parties, the political vanguard of our nations, in the final analysis is directed toward improvement of material and cultural conditions for the life of the Bulgarian and Soviet peoples in the name of peace. I can say that relations between our parties are indeed on a high level. Each meeting between Comrade Todor Zhivkov and Mikhail Segeyevich Gorbachev gives a powerful impetus to further expansion and deepening of Bulgarian-Soviet cooperation.

[Averchenko] Judging from letters from readers, and we ourselves have also been in Bulgaria, your country has more interest in Soviet perestroika. But we also have letters in which Soviet readers are interested in restructuring in Bulgaria. Perhaps you can tell us something about this?

[Pankov] You are right. Bulgarians are very interested in what is being done in your country. I can tell you that in Bulgaria we receive 160,000 copies of PRAVDA. We have been widely receiving the first program on Soviet television for several years now. Perestroika in all spheres of the life of the Soviet people is of great significance for all socialist countries and for the entire world.

But frequently we find it too easy to attach the label "historic" to various events. In my opinion, during the past decades the 27th CPSU Congress and the 19th All-Union Party Conference, at which decisions were made concerning a radical renewal of socialism, were of truly historic significance.

Now about our restructuring. As was already noted, there are no qualitative differences between the processes of renewal taking place in our country and the

Soviet Union. Similar processes are developing in other socialist countries as well. At the July Plenum of the BCP CC, which took place in 1987, we worked out a concept for the development of socialism in Bulgaria, and it was approved at the National Party Conference in January of 1988. At the present time our people are engaged in the practical implementation of this concept, the acceleration of the implementation of the December Plenum of the BCP CC (1988), and the deepening and expansion of cooperation with the Soviet Union—a most important factor in the construction of a new society in Bulgaria.

What processes are taking place now. We are speaking about electivity, openness, responsibility to the voters, and redistribution of management functions from above to below. This is in the political system of the superstructure. Of course it will be necessary to change the constitution and labor, administrative, civil, and criminal law. All this is now being prepared for. And restructuring is also taking place in the areas of ideology, science, culture, and education. We have reorganized the structure of the Council of Ministers. It now consists only of functional ministries. There are only 11 of them.

[Averchenko] How many were there before this?

[Pankov] There were 24. Changes are being made in the economic structures. Changes are being made in management structures. I have in mind the changeover to the firm structure of organizations in the branches and subdivisions of the national economy. And the firm will be the main organizational form within whose framework socialist commodity producers will conduct their activity. Firms can be created on the basis of all forms of socialist property. In addition to these, it is possible for small and medium-sized firms to be created and function independently—cooperatives and agricultural firms. The firms will include self-managed economic units, that is, enterprises.

[Averchenko] Are firms more than enterprises?

[Konarev] As a rule, they include several enterprises. What will they engage in? The firms will develop and implement a unified technological, investment, market, and social policy for the object of their activity. Firms can also have branches. Relations between firms and state agencies will frequently be economic. State orders should not exceed 70 percent of the capacities of the firms. Firms will have direct contacts with firms abroad and will be able to join into larger groupings on the basis of common economic interests. Naturally this is voluntary. The creation and liquidation of any firm should be carried out only through the corresponding judicial agencies.

[Averchenko] Does the creation of firms rule out the existence of individual small plants?

[Pankov] Of course not. It is necessary to create a diversity of forms.

[Averchenko] How do Bulgarians live today? Say a family consisting of three or four people.

[Pankov] Conditions vary. People are now placing their hopes mainly in restructuring and renewal.

[Averchenko] And what are the difficulties with the restructuring and what is lacking in the Bulgarian market?

[Pankov] The restructuring is encountering certain difficulties in a number of areas. We have not yet overcome the separation that was created between the direct producers and the means of production and—as a result of this—certain agencies of authority. It is difficult to develop social activity of millions of people that is adequate to restructuring. It seems to me that it is necessary to create economic conditions so that state property is manifested as nationwide and to provide for effectiveness of economic prerequisites which would affect man himself and his interests.

We do not have enough of various kinds of consumer goods. We do not have enough refrigerators, color television sets, or passenger cars. We do not have enough household appliances and automatic washing machines. And we should like a larger selection of food products.

[Averchenko] In Bulgaria they have introduced changes in the attributes of power. Tell us about this.

[Pankov] The decision of the Politburo of the BCP CC of 10 August 1987 introduced deep changes in the attributes of power in Bulgaria which were dictated by changes resulting from the restructuring in progress in the country.

The purpose of this decision is to get rid of the falsity, showiness, and formalism when conducting mass holidays and celebrations which up until recently have suffered from these ailments and they have essentially driven the people away from these measures. Moreover there has been an unjustified expenditure of time and excessive financial expenditures.

We have abolished the annual demonstrations and military parades and festive meetings with presidiums involving many people on every occasion. And, conversely, we have introduced popular festivities and meetings. Moreover the form for conducting the measures is determined locally by the local popular authority agencies in conjunction with all the political organizations and self-management agencies.

We have abolished the decision to erect busts and monuments to various leaders during their lifetimes, and a restriction has been introduced—the titles Hero of the People's Republic of Bulgaria or Hero of Socialist Labor can be conferred only once each, and we have put a stop

to the avalanche of orders and medals on occasions of birthdays and so forth. A new approach is being taken to the utilization of the national hymn, the national flag, and the state seal.

[Averchenko] You were a minister and now you are an ambassador. Which is more difficult?

[Pankov] Being an ambassador in the Soviet Union is both easy and difficult. It is easy because of the favorable surroundings that exist here, the complete freedom for creative search for new paths, and the fraternal interaction of our parties and countries. It is difficult because of the exceptionally high demands that are placed on our work at all levels.

[Averchenko] And the last thing. What would you like to say in conclusion?

[Pankov] First of all I should like to wish all Soviet people success in the revolutionary work which today sounds the same in all languages: perestroika.

#### **Czechoslovakia's Struggle Against 'Shadow Economy' Described**

18070551 Moscow *EKONOMICHESKAYA GAZETA*  
in Russian No 7, Feb 89 p 21

[Article by TASS correspondent V. Rzhnevskiy: "War is Declared Against the 'Shadow Economy'"]

[Text] A subject that previously was usually regarded as forbidden is being actively discussed in Czechoslovakia. It is a question of the so-called "backdoor economy"—the illegal and semilegal redistribution of social income. "... The further one looks into it the more obvious becomes the existence of what is usually called the mafia. It is being created by those who regard themselves as the chosen. The members of this mafia know how, without fuss, to remove the 'Lyuks' brand name, procure foreign currency, and get in to see an eminent physician without waiting in line...": this is what the organ of the Czechoslovak Ministry of the Interior, SIGNAL, is writing.

This and subsequent pieces published in RUDE PRAVO, TRIBUNA and (GOSPODARZHSKE NOVOSTI) were the first to chart the boundaries of this alarming phenomenon. Specialists from the state planning commission and scholars from the department of national economic planning at the Higher Economics School in Prague have started to engage in serious research. According to their calculations, the total amount annually falling into dishonest hands is about 18 billion to 20 billion Kcs, and over the past 10 years it has grown by about 6 billion to 8 billion Kcs.

Profits greatly in excess of official earned incomes are being made as the result of illegal machinations by about 3 percent of the able-bodied population. "...How many

millionaires have appeared among us who have made their money through black market business based on the defects in the economic system! Look around: a person with a monthly wage of 3,000 Kcs 'acquired' his own home and a car and a luxurious villa out of town... It is essential to act firmly against those who have made enormous illegal gains. The socialist state has the right to protect itself against those who violate its principles and act destructively on the moral standards of other people," the Czechoslovak weekly TRIBUNA emphasizes.

So how can we assess the structure of this "shadow economy"? Two-thirds of its volume are accounted for by illegal incomes and one-third by semilegal incomes, which include uncontrolled wages in dacha construction and individual housing. It also includes tipping in restaurants and hairdressing saloons, and for taxis... A particularly large proportion goes to the so-called hack work that workers do at many plants, workshops, factories and construction sites. As a rule the hack worker works on orders on the side in his working time and uses equipment and materials belonging to the socialist sector.

The group of illegal incomes for specialists includes cheating the consumer in the trade network. According to the figures for 1985, in stores and public catering enterprises the total amount of fraud against buyers and clients made up 3 percent of all turnover. This is done primarily through wrong weights, switching goods, and hiding goods in order to create shortages and then selling them at higher prices. Prices are often raised and two sets of books kept. And illegal profit often remains where it was generated, and passes through distribution channels to a circle of interested persons.

According to figures in (GOSPODARZHSKE NOVOSTI), each Czechoslovak citizen pays out from 1 to 10 percent of his own budget in the "shadow economy." It all goes into the hands of the just 3 percent of the population mixed up in the underground business. Thus, the incomes of the small groups are increased 20 percent to 200 percent. For workers in public catering, additional income has risen 100 to 300 percent.

The underground redistribution of monetary assets, the weekly points out, is strongly drawing off attractive commodities from the domestic market and destabilizing operations in the services spheres.

A comprehensive solution to this thorny problem is possible only in the quite long term, Czechoslovak scholars think. However, a start must be made without delay to deal with these negative phenomena, and everyone must be involved. During the first stage it is planned to strengthen monitoring and auditing work and galvanize the activity of the courts and procurator's office. Intensive measures are also needed in exerting ethical and educational influence on people's awareness. Delay

here is fraught with dangerous consequences. Dishonestly acquired inherited capital is already today becoming a very important social factor whose consequences may exert an adverse effect on the further development of society and its orientation.

**Polish Experience, Traditions in Cooperatives**  
*18250102 Moscow SELSKAYA ZHIZN in Russian*  
23 Feb, 1 Mar 89

[Article by S. Pomerantsev, SELSKAYA ZHIZN's own correspondent in Warsaw: "Polish Cooperatives"]

[23 Feb 89 p 3]

[Text] Polish cooperative activity is rich in tradition and diverse in form. This report gives readers an idea of the variety and complexity of tasks undertaken by cooperatives.

**Buy in the 'Agrikoop'!**

I was invited to the opening of a new firm food store in Warsaw. Candies, canned goods, everyday food products, delicatessen foods, wine... A few commodities were imported, but most of them were produced in Poland. The prices probably are a little higher than in other stores. But the quality of the goods, the packaging, and the manner in dealing with a customer are also at a high level.

The owner of the store is the "Agrikoop" agricultural foreign trade cooperative. We may say that it is the creation of regional initiative: it was established in 1982 by 30 agricultural production cooperatives in the capital province primarily to provide for stable exports of their products. Today 100 cooperatives in various provinces are shareholders, together with a number of food industry enterprises. They include ones that are known throughout the country, with thousands of hectares of land, but many of them are small, with 70 to 120 hectares. Most of them perform their own processing, including up to the stage of the end product.

"Previously agricultural cooperatives treated the products that were exported as if they were 'not theirs,' and for all foreign trade organizations they were someone else's goods," says Stanislaw (Krusznewski), chairman of the board of "Agrikoop." "The better the harvest of one crop or another in a given year, the less their chances were of entering the foreign market. Since we acquired a license for export-import activity in 1983, the cooperatives' position has been altogether different. Now the exporters need them; they are their favorites."

There are now 12 Polish organizations competing with each other in the "green market"—in the field of foreign trade in food products. Against this background, "Agrikoop" is not an unskilled novice. The volume of its operations increases from year to year: exports in 1988 to countries in the West were valued at roughly 9 million

dollars, and exports to socialist countries were valued at 5 million rubles. And besides, in becoming a member of "Agrikoop," a production cooperative is not obliged to export its products only through its intermediary—many have kept their ties with other organizations as well.

Just what does a farm receive by making use of "Agrikoop" services? First of all, the opportunity to expand production by lowering expenses for the products turned out. Secondly, by investing money in a foreign trade firm, the shareholder has the right to his share of the dividends. Thirdly, by exporting its products directly, the cooperative receives in zloty the equivalent to the cost with a 20-percent markup—an incentive from the state, as well as part of the earnings (16 percent) in foreign exchange, which is entered in the production cooperative's own account ("Agrikoop" keeps such accounts for its shareholders).

With this money, again with the help of "Agrikoop," the cooperatives can purchase modern equipment for their processing shops abroad which is not produced in Poland, as well as high-grade seeds and planting material. Among its foreign partners, the foreign trade cooperative can try to find a firm that is prepared to give the farm a special-purpose commercial credit with subsequent payment in the commodity. The well-known ("Chempin") cooperative combine acquired a production line to turn out juice concentrates from an Austrian firm on this basis. A refrigeration plant with a capacity of 3,500 tons was purchased by another large cooperative, the ("Morshkuv"). Altogether, Polish farms have acquired equipment valued at several million dollars through "Agrikoop" during its existence with the money received from selling their products abroad. This aspect of the firm's activity, S. (Krusznewski) emphasized, is very important for the production cooperatives.

"The point is that the cooperatives are still turning out many convenience foods that have been refrigerated, but not frozen. They must improve the material base for producing commodities which meet the requirements of the foreign market. These are a high degree of processing, convenient and attractive packaging, and of course, high quality. This relates to both the Western and Eastern markets; Soviet organizations do not purchase low-quality goods today." Incidentally, (Krusznewski) said, if you write about "Agrikoop," stress that along with our basic partner—Soyuzplodoimport—we have established direct relationships with kolkhozes and their production and trading associations, as well as domestic and cooperative trading organizations in Belorussia, Lithuania, the Ukraine, and Georgia, and we are interested in further expansion of business ties with your country.

When the foreign trade "cooperatives' cooperative" was established, it was decided that its activity in foreign markets would be combined with the "firm" sale of commodities in the domestic market. The production cooperatives and, of course, the consumers benefit from this. The new trading center is now the 14th "Agrokoop"

store in the capital. The first such store outside Warsaw opened in Bialystok, then in Lodz, Poznan, Katowice, and Krakow. A substantial addition to those 800 firm stores and 70 restaurants operated today by the Polish agricultural cooperatives!

In conclusion, one notable detail. I was interested in learning how the salesmen in the new store are paid; it turns out that they receive a share of the receipts—2.2 percent—as their wage. As Maria (Kohalskaja), head of "Agrikoop's" trade department, said, this system has been adopted in all its stores, only the proportion fluctuates between 1.7 and 2.4 percent, depending on conditions. While state trade is considering whether or not to introduce this principle, the cooperative is already applying it. And successfully.

[1 Mar 89 p 3]

[Text]

#### With "Gromada" Throughout the Country and the World

"Gromada" is the All-Polish Rural Tourism Cooperative. It is not that it has refused services for the city dweller, but the rural resident here has preference, and service is somewhat cheaper for him.

The cooperative marked its 50th anniversary recently, although the war interrupted its activity for nearly 20 years. For many rural residents, the first contact with "Gromada" was their first encounter with tourism. Thousands of children of individual peasants saw large cities, the mountains, or the sea for the first time thanks to it.

About 2,500 juridical persons—basically the "Peasant Self-Help" cooperatives, small agricultural groups, cooperatives, and state farms—are collective members of "Gromada." The member organizations pay only an entrance fee, and "Gromada" earns all other funds itself, mainly by its basic activity, as well as by the production of small tourist houses, furniture and implements, repair services and participation in the construction of new tourism and rest facilities. Under ordinary conditions the cooperative makes use of state credits.

What does "Gromada" offer for the peasants?

"First of all," says Mieczyslaw (Maszec), the chairman of its board, "there are the various trips to acquaint them with Poland's history and culture, as well as the trips to over 30 countries of the world. We have eight hotels and 36 rest centers in the country and we maintain ties with a good hundred foreign travel bureaus. In addition, we organize camps for rural children, sanatorium and health resort services, and for the city dwellers—rest in the country."

Every year more than 2.5 to 3 million persons take advantage of "Gromada's" services. Roughly one-tenth of them travel abroad.

"The trips to the Soviet Union are very popular," says Jan Blonski, the chairman of the cooperative's council, which operates on a voluntary service basis, "but we are not always satisfied with their content. Our fellow citizens want not only to see the sights, but to meet the people and get to know them better, and how they live and work. It would be good if 'Gromada' could organize a joint tourism venture with its Soviet partners. Our cooperative is now taking part in the financing and construction of a hotel in Gagra, where spaces proportionate to the funds invested will be set aside for 'Gromada' clients. We would also like to offer our rural workers specialized excursions in the USSR in accordance with their vocational interests, similar to those that are organized here at well-known farms and institutions involved with science and the dissemination of advanced experience."

If you see buses with the bright "Gromada" sign on the side on Soviet roads, you will know that Polish peasants who are enjoying the services of their tourism cooperative have arrived.

#### Enterprise and Humanism

The age of the All-Polish "Piramida" cooperative is still counted in months. It was established in 1988 by the "Healthy Person" Association, which is also a young public organization, registered in Katowice. The name of the association speaks for itself. And its active members correctly consider a healthy diet to be one of the conditions for a healthy way of life. So that there would be less declarations and more deeds, the "Piramida" cooperative was also established. In Poznan, where the cooperative's board is located, we met its chairman, (Wladysmesz) Kowalinski.

"Our cooperative," he explains, "set the goal of organizing the production and sale of food products in response to a number of increased demands."

The cooperative itself does not produce anything; it has assumed the function of organizer. The first step was to enlist scientists and specialists to work out the standards for the content of substances harmful to health in different food products—vegetables, fruits, bread, milk. This refers mainly to heavy metals, nitrogen compounds, and pesticide residues. Last fall, "Piramida" took part in the "Polagra" agrarian-industrial fair to make itself known and establish contacts with peasants from different parts of Poland. However, "Piramida" is chiefly interested in the regions with the least environmental pollution. In concluding contracts with peasants, the cooperative provides them with skilled consultations and provides them



with material incentive, but it also has strict requirements: the products purchased should pass an examination in specialized laboratories for the permissible content of the chemical substances and compounds cited above.

"I will not conceal the fact that a considerable number of representatives of firms from the capitalist country closest to Poland—the FRG—at 'Polagra' expressed interest in our cooperative," W. Kowalinski says. "They asked about our intentions, possibly with the thought of buying 'clean' food products in the future. With the environmental problems there, many special stores where food products produced without the use of synthetic fertilizers and chemicals to protect the plants are sold are especially popular. We are just taking the first steps, and our goals are more modest at present: we want to ensure that the application of chemicals in agriculture does not exceed reasonable limits and that the principle of 'the largest crop at any price' does not prevail..."

The chairman of Poland's first cooperative of this type hopes that "Piramida's" activity will have an effect on the quality of agricultural production as a whole. He believes that there will soon be more such cooperatives.

"Of course," he adds, "the 'healthy' food products with the 'Piramida' testimonial will be somewhat more expensive. But we know that residents of the large industrial agglomerations with a polluted environment, such as in Silesia, are ready to buy them at that price. We also realize that such products make up only a small proportion of the country's food market. But they are very much needed even today for sick persons, children, pregnant women, and nursing mothers. We will try to help them."

So it would appear that two principles that are difficult to combine—enterprise and humanism—have been united in cooperative soil.

### **Polish Growth of Private Sector, Effect on Daily Life Described**

18070539 Moscow KOMSOMOLSKAYA PRAVDA  
in Russian 28 Feb 89, 1 Mar 89

[Report by special correspondents P. Voshchanov and V. Shutkevich: "Know How To Make Money"]

[28 Feb 89, p 3]

[Text] For many of us—journalists are no exception—familiarization with a foreign country begins with its stores. They show, like a barometer, the state of the economy. Just a few years ago, when the economic reform in Poland was only just starting, the Polish store counter was absolutely bare. The country was firmly mired, seemingly, in a commodity shorage and had no real possibility of extricating itself from it. But today? It cannot be said that the counters of Polish stores are giving way under the weight of the goods. Alas, no. But,

nonetheless, there is much here to which our gaze had become completely unaccustomed. The present Polish market engenders a natural desire to buy something. But one should be in no hurry to satisfy it for none-too-pleasant a surprise is in store: the prices of many goods could make a dent in any family budget....

The Polish currency has altogether been quite considerably devalued in recent years. Matches—for us a symbol of inexpensiveness—cost a whole 8 zloty here. And, who knows, could become even more expensive. After all, the price of just about everything is growing rapidly. What in January last year cost, say, 100 zloty was valued at the start of the present year at 160 zloty. Polish inflation is, perhaps, one of the "swiftest" in the socialist world. Even 1 million zloty are today not that great an amount (converted into our currency, just over R6,000).

So how obtainable is all that currently adorns the counters of Polish stores? Is this the same shortage, but in a more attractive wrapping? A shortage the essence of which is expressed by a formula somewhat different from that in our country: the goods are available, there is nothing to buy them with. "Today," we are told by our colleague from the youth paper SZTANDAR MŁODYCH, "getting hold of something one wants is generally not that difficult. It is far more difficult earning enough to buy it. This, perhaps, worries Poles far more."

But all of them? Seemingly not, since not everything is that simple on the Polish market. It is difficult reducing its "mechanics" to the simplest "costly-cheap" "obtainable-unobtainable"-type images. Take, for example, the automobile. It costs in the official showroom several million zloty, but on the "free" market (this is what they say here—free!) its price practically triples. Who, it would seem, could support "such a burden"? No one. Judge for yourselves, the statistical-average Pole regularly saving up exactly half his monthly earnings could only in 20 or 25 years even accumulate sufficient for the most modest vehicle. Nonetheless, one out of every four Polish families today has one. Many have first-rate Western models. What kind of phenomenon is this—obtainable unobtainability? A department executive of Poland's Ministry of Industry explained it simply: "Poles like not only to work but to earn also. They like and can...."

In the center of Warsaw, in the subway on Marszalkowska, musicians sometimes play of an evening. This group has quite an amusing name—Alcohol Orchestra. Some people walk past, some stop to listen to old Warsaw melodies. Paying is voluntary. If you like it, toss in a coin. But can much be earned this way?

"Call these earnings?" an old musician, the orchestra's treasurer by the look of him, smiled. "If there's any profit, it goes on keeping our pants up and putting people in a good mood! You'll not become a millionaire here."

But where in Poland can one earn a million? Or several million? To have enough for the house, furniture, a television, a car? In a word, everything without which modern life seems inferior and simply unthinkable even. Every Pole has his own answer to this question. Right in his own way, with his own reason. And not surprisingly. Such is the patchwork portrait of the present Polish economy. But granted the entire diversity of "prescriptions for la dolce vita," one often hears: do you want to become really rich? In that case, find yourself a job in some individual or, as they say in Poland, "private" firm!

Private interests in Poland are most extensively represented by the countryside. Three-fourths of its population works, as is known, on individual holdings. Hitherto we have condescendingly viewed this virtually as a relic. And, to be honest, it is comical and odd for one of our people to see fields along the roadside marked off by private boundary lines. The expanses of our motherland's kolkhoz fields are far dearer to the heart.... Now, however, when we are attempting to return the same expanses to the owner and are instituting the contract and the lease in the countryside, we are learning to view our neighbors' experience differently also. We are observing, in particular, how in the narrow allotments between those same boundary lines private peasant dwellings such as our countryside can as yet only dream of are being cultivated like mushrooms.

One such—a two-story brick cottage with all conveniences—we saw in the village of Oldaki near the voivodship center of Ostroleka. Its young owner, Adam Gumowski, is not yet 30 years old even. The farm, which he runs together with his father and mother, is by local standards of quite average size—20 hectares of land, 6 cows, 2 tractors, a truck and many diverse implements. Annual income—3 million zloty. And although a considerable amount of the profit is eaten up by inflation, one can, Adam is convinced, make a living in the countryside. The more so now, when the country's new government headed by Mieczyslaw Rakowski has put agriculture among the three priority areas of its policy.

"Private interest" is blazing a trail for itself increasingly persistently in other sectors of the economy also. Some 1.24 million persons were involved therein last year outside of the agricultural sphere. This year, to all appearances, this number will increase many times over. "To blame" for this is the new law on economic activity enacted by the country's Sejm. All barriers in the way of enterprising people have been removed conclusively, it would seem. In order to engage in private enterprise in Poland now it is sufficient to notify the local authorities of this in writing and pay the virtually symbolic tax of 100 zloty. There are more than enough of those wishing to do so. In the first 10 days of January over 300 new private businessmen—more than in all of last year—were registered in a district of Warsaw.

Many Poles are today opening their own patisserie or small dry goods stores. Various crafts workshops or studios are being organized. Hotbeds for cultivating flowers or vegetables are being set up. Innumerable things in all. We confess, from unfamiliarity the prices of the private sector make quite a strong impression. One involuntarily catches oneself thinking: if these are the "private" prices, what is the "private" income? The private traders do not like to expatiate on their profits, but it is known that there are 200 billionaires in Poland today. It is anticipated that there will soon be 2,000-3,000. The wealth of the leaders of Poland's private enterprise irritates and worries people, of course. Particularly those with low earnings in the public sector of the economy. Nonetheless, the majority of Poles treats this fact coolly and tolerantly: "Is it better when it is altogether impossible to buy something you need? Anywhere and at any price?"

...Chewing gum is displayed on the counter of a small Warsaw candy store. Every conceivable world firm is represented here, it seems. Our boys' eyes would be simply dazzled by this "chewing" splendor. But children are children, and journalists have their own way of thinking: how did it get here, by what routes?

"Oh, sir, these are 'private' imports! Poles buy all this abroad with their own currency and upon their return resell the goods to us. The prices are high, I agree. But how can it be helped? The children are happy, and that's the main thing...."

Recently Polish "private" imports have assumed quite significant proportions. The figure of the Pole accompanying his luggage weighing many tons, has become a familiar sight in many of the world's customs halls. Whole sectors of the economy are beginning to develop on this basis, it would seem. The manufacture and servicing of computer systems, for example. Michal Krawczynski, president of the Interglobal firm specializing in this field, is optimistic.

Interglobal is a limited joint-stock company—one further form of enterprise of today's Poland. Having emerged some 4 years ago, it has already gained a sound reputation on the Polish market. Scientists and lecturers of a number of Warsaw higher educational institutions, who were fed up with living on just their wages, which are, incidentally, not that great, were the shareholders who contributed the initial capital. And the capital initially was, to be frank, negligible. The firm's main resource was, as its president emphasizes, sound know-how and the existence of new ideas in the field of modern computing equipment. Interglobal played the intermediary in furnishing various establishments, offices and enterprises, state-owned included, with computer equipment. The firm teaches attendants how to work on the computers and undertakes their servicing and maintenance under warranty. But it does not manufacture the computers.

"We acquire them chiefly from Poles returning from overseas. They find us from our advertisement and name their price. If it suits, the deal is done! Where and how the computer was acquired is of no importance to us. The main thing is that customs rules were not broken when it was brought into Poland."

Are they not frightened by possible malfunctions in the "private" imports? Is a business based thereon generally reliable? After all, everything depends on contingencies. Whether someone imports a computer or not, for example. Whether he gets in touch with Interglobal or avails himself of the services of another "private" firm. Such contingencies do not frighten the president. He believes the business is reliable. It is profitable to Poles to bring in precisely computers: they are far cheaper in the West than here. So the "victuals" are considerable. And for many people they are the "launch" capital with which they begin their own "private" business.

But what about the Poles who lack such? Those employed in the public sector? As the Polish press acknowledges, it is for them today most difficult of all. Many Poles are today confronted with the question: to continue to work at a state-run enterprise with dependable social guarantees, but low earnings or to offer one's services to a "private trader".

Jaroslav Glembowski is a polisher at the "Ursus" Tractor Enterprise. He is not as yet thinking of changing his job. Although he needs money, of course. "I must first complete my training in the polytechnic, and then we'll know what to do. I have a head on my shoulders, it would seem, and a pretty good pair of hands—I hope in the future to make good money." But meanwhile? Does he have enough to live on?

"Just about. But only for the time being. I will soon be getting married, where will we live? I do not have my own apartment. And there are 1,500 people on the housing list here. And it does not move, to be frank, that briskly. So for many of us there is just one way, it would seem—buying a cooperative apartment or house. This costs a tremendous amount of money! The down payment alone is 30 times my monthly earnings. And a color TV? This means a further 12 months' nonstop work. Furniture? Twenty months."

Of course, a bank loan may be taken out, if necessary. The enterprise helps many people. Nonetheless, the present is not an easy time for such people as Jaroslav. Some modern consumer benefits are in the inaccessible "dollar prosperity" sphere, others are simply cut off by "shortage" lines and cost. In the estimation of some economists, approximately one-fifth of Poles is living on the minimum, as they say. And they are almost all employed in the public sector of the economy. The majority are young people 25 years of age and under.

Nonetheless, Polish economists believe that there is a way out. Martin Swiecicki, general secretary of the Polish Council of Ministers Advisory Economic Committee, sees it as follows: it is essential to gradually convert the state-owned enterprises into joint-stock companies. Their stockholders could be commercial banks, insurance firms, savings banks, people's councils, public organizations, higher educational institutions, in a word, all who are prepared to risk investing capital in them and who wish to participate in the distribution of profit.

The shareholder board would direct and monitor the work of the enterprise and seek its increased efficiency. Of course, the workers, who, as shareholders themselves, would also have an interest in an increase in profit, would begin to regard it differently also. In M. Swiecicki's opinion, this would deliver the public sector from its lack of personal responsibility, raise productivity considerably and help cope with inflation in the country.

But all these are only projects as yet. Meanwhile.... Meanwhile millions of Poles prefer to earn money not at the state-owned enterprises but elsewhere. And earn not zloty but harder currency. Most preferably, American dollars.

[1 Mar 89, p 3]

[Text] In numerous conversations with Poles about their earnings the talk would all the while involuntarily return to the question of currency. "I cannot answer foreigners the simplest question: what is the dollar worth here?" a Warsaw acquaintance complained to us. This question is seemingly meaningless inasmuch as the zloty is not a convertible currency. But many things, a car, for example, can be bought only with dollars....

We saw this for ourselves. We inquired of the owner of a splendid two-story villa in the center of Warsaw: approximately how much would this house cost? One hundred thousand, evidently. Zloty?

"Who would sell it you for zloty? Dollars, of course!"

A unique situation has come about where there are essentially two currencies in circulation in the country simultaneously. And, furthermore, the majority of those with whom we spoke solves the "dollar or zloty" dilemma unequivocally: they would prefer dollars, of course. Almost 1 million Poles have a dollar bank account. True, they vary: very sizable for some, virtually symbolic for others.

More than 100,000 Poles are currently working overseas on contracts concluded with Western firms. After 2 or 3 years of such work one may put together a tidy sum ensuring by Polish standards quite a prosperous lifestyle. At least, the most costly acquisitions may be made—a house, furniture, a car, a VCR.... But one's earnings may be managed differently also: dollars lift the "barrier" to involvement in "private" imports. The mechanism

thereof—buy in the West, sell in Poland—easily converts earned foreign currency into capital producing profits. Considerable profits at that.

Following simplification of the procedure for the issuance of passports for travel abroad and for obtaining exit visas, the opportunity for traveling to the West at the invitation of relatives or acquaintances living there has arisen for many Poles. But the main purpose of such trips is often of a purely commercial nature: while "on vacation," a little money may be earned. The owners of small businesses in West Europe like to hire Poles for temporary work. Why? Their labor is cheaper than local labor because they "sell" it illegally. Neither Polish laws nor local laws permit this. But it is done. To mutual benefit, incidentally.

But the real business people and true Polish merchants and men of wealth rarely set out to earn currency abroad. They prefer a different method: they invite dollars into Poland and afford them an opportunity to work here. Their owners are most often Poles who took off for the West for good and who have made good in some business or other. For this reason firms set up on the basis of foreign capital are called "Polonial". There are today about 700 of them. And this is not the limit. There are more and more of them every month. What is the secret? A desire to establish contact with the once abandoned homeland, to contribute to its economic prosperity? Or, perhaps, the fact that the capacious Polish market is a pretty good safety valve for easing the pressure of competitors? Whatever the case, this means for Poland an influx of currency, access to Western technology and, finally, new markets, on which it itself will earn currency in time.

The Plastomed firm is also a "Polonial". It was created with the money of West German Poles. They have invested \$100,000 in the business and do not have the least regrets, it would seem. It is now firmly on its feet. Starting with disposable laboratory utensils, the firm gradually mastered the production of most intricate electronic analysis instruments. They have not only saturated the Polish market but have themselves come to be exported. Even the United States, which is the acknowledged leader in this field, recently purchased a consignment of first-class pipette meters—the pride of the firm. And what does the future hold for it? Managing director Ryszard Pokrowski sets the assignment thus: in certain types of its product the Plastomed must take half the world market!

"What is the secret of our success? Western technology? Partly. But we have now given up completely the purchase of foreign licenses and are taking only our potential as the reference point. So the secret is more than just this. It is our total independence. We are part of the Polish economy, but not part of the Polish administrative machinery. We have only one 'higher organization'—the market! It alone dictates to us what to produce, to whom to sell it and in what to invest our profit.

The party authorities are constantly interfering in the affairs of the state-owned enterprises. But we are insured against this. We do not even have a party cell, although the majority of managers are PZPR members."

There is, indeed, little here of that to which we have become accustomed at state-run socialist enterprises. There are no trade unions, for example. Nonetheless, when the firm announced a competition to fill vacancies, a huge line formed at its gate. There were up to 15-20 applicants per job. Is this not infringing the workers' rights, is it not giving rise to a feeling of protest in them?

"Not at all. We are attempting to create a new economic model for Poland Of what kind? The wealthier the firm, the wealthier each of its workers! And we have already managed to do a great deal. Wages here, for example, are 1.5 times higher than at the state-run enterprise.

The opportunities afforded by foreign currency are reiterated incessantly every day by the television, and newspaper advertising gives persistent reminders. Do you dream of having a satellite antenna in your apartment which will enable you to see the whole world on your TV screen? The Baltona firm is ready to sell you one for dollars! Would like to buy a modern VCR? The "Pewex" foreign currency stores at your service! The glittering shop windows are piled high with American jeans, Italian wool, Scotch whisky, French cognac and perfumes. But... all that glisters is not gold. Endeavoring to become the owners of first-class commodities, the ordinary consumer frequently acquires dollars at absolutely unthinkable prices.

Sociologists, and, it has to be said, the Polish sociology school is considered one of the most authoritative, believe that high prices and inflation are pushing Poles onto the path of "currency industry".... In the lobby of the capital's Forum Hotel one is greeted from early morning until late in the evening by men who are amazingly alike. It is hard to say even in what way they are so alike. They obviously bear the imprint of a common trade. They are currency buyers, Warsaw's traffickers. They do not hide or try to melt into the polyglot crowd of guests. One does not sense in them that fretful alertness which is so characteristic of their Moscow colleagues. Their business is almost legal. And of what, in fact, should they beware? Ordinary "private" business! Do they have much success "holding out" the whole day? Who knows, such questions are not answered—a commercial secret. But it is probably profitable. After all, for just \$1 dollar on the "free" market one can obtain more than 2,500 zloty and invest them in new dollars. Life has its ups and downs for the currency speculators. And it also is headed upward: in the last year alone the exchange rate of the dollar has risen by a factor of almost 2.5 on the Warsaw "market".

A tremendous sum of currency is illegally exchanged annually—from \$3 billion to \$4 billion. Nonetheless, criminal proceedings could be brought against each

participant in this exchange in accordance with a law enacted in 1983. The Polish press has repeatedly been sharply critical of it: "What kind of law is it which is turning millions of normal fellow citizens into criminals?" the newspaper POLYTIKA angrily wrote recently. "And how can it operate in a country in which there are in fact two currencies in circulation?"

The Polish authorities see the abnormality of this situation also. A number of measures has been adopted in recent years designed to improve the situation. Specifically, Poles who maintain a dollar bank account are not now obliged to report whence they came by the currency. It is not necessary to indicate whence it originated when taking quite a substantial amount—up to \$500—abroad either. The Polish State Bank has begun to buy up from and sell to the public dollars at a rate close to market prices.

However, the general opinion is that these measures have been insufficient. A new bill on currency exchange was recently submitted to the Polish Sejm. What does the government propose? The prescription is simple: if something cannot be banned, it must, consequently, be authorized. Citizens' right to acquire and sell foreign

currency in banks or at exchange outlets at the "day's rate," close to market value, is confirmed, for example. And both state authorities and private individuals may set up these exchange outlets, what is more.

The question arises: how does the consumer benefit? His nerves are spared primarily—it will be unnecessary to hurriedly bargain with the speculator, looking over one's shoulder to see whether or not a policeman is in the vicinity. It is further anticipated that the competition which has arisen between sellers will lead to a gradual reduction in the value of the dollar. And, what is most important, there is a possibility that there will be an increased influx of foreign currency into the country's economy and that, instead of on the black market, it will begin to circulate freely through the arteries of the state's financial system.

Initiative, enterprise, practicality—Poles are not lacking in these. Use should be made of this national property. Only thus can its "weight in gold" be restored to the zloty. And when it is firmly back on its feet, the majority of Poles will most likely consider inappropriate the question: dollars or zloty? Zloty, of course! Will this happen? The captains of the Polish economy believe so.



**Cuba's Social, Economic Progress Viewed**  
*18070105 Moscow PRAVDA in Russian 20 Jan 89 p 5*

[Article by G. Zafesov, special PRAVDA correspondent:  
"Travel Notes: A Meeting 12 Years Later"]

[Text] As always, Havana is beautiful and unique. This white and pink city, bordered by an azure-blue bay, cannot be confused with any other. The combination of skyscrapers, roofs buried in the vault of a bottomless sky, and small colonial-era homes gives the Cuban capital a subtle originality. And a curious thing: This seemingly mutually exclusive combination of styles looks completely harmonious. Of course, the Vedado region with its overwhelmingly modern style differs greatly from the so-called undersized Old Havana. Yet the capital is perceived as a single whole.

This time I flew to Havana with special excitement. The reason was simple: 12 years had passed since the last meeting, and I first saw this marvelous city more than 20 years ago. Naturally, perception moved as if in two measurements, recognition of the old appearance and acquaintance with the new features of both the city itself and of Cuban friends.

The Jose Marti Airport is in the same place, and not far way from the old building now occupied by technical services, a new, small but comfortable and friendly building has sprung up. The superhighway leading from Rancho Boyeros to Havana has grown wider and is now divided by quite imposing cement barriers. But the Cubans still drive wildly.

In my very first minutes in Cuba, I was joyfully convinced that the Cuban disposition remained the same: spirited, open and friendly. We had a traffic accident, and although we were not at fault, the other car's fender was nevertheless crumpled. The conversation began more than passionately, but when the young Cuban learned that there was a guest among us who had just arrived in Havana, he immediately proposed delaying completion of the unpleasant formalities and opened the doors of his automobile. Thus, he also drove us to our hotel, the Havana Libre, where I immediately met many acquaintances. Years had passed, but the people were in place.

Generally, it seems to me that the Cubans are not inclined to change jobs without reason. Management appreciates a worker with longevity and is not afraid to repeatedly emphasize its respect for him and to encourage him, as a rule, in a non-material form; the worker, in turn, values these friendly relations and the reputation established over the years.

The surrounding streets are highly visible from the balcony of the 24th floor. I catch myself thinking that everything is sort of very familiar, but it is not quite "Havana," at least not the way it was when I lived here. Very few of the antiquated American cars remain, and

they look like such awkward tortoises among the nimble, maneuverable "Zhigulis" which have become the predominant caste of automobiles. Having found myself on the street, I notice that perhaps the buses are running at longer intervals, and many of them are in deplorable condition. However, I immediately see that our Cuban friends are seriously concerned with the situation in municipal transport and are trying, first of all, to better organize its operation.

A controller stands at one of the bus stops. He holds a bus schedule in his hands and is continually making notes on it. Tearing himself away from his duties for a moment, he says to me: "We need to reach that stage where buses run precisely on schedule. If there is a breakdown in the schedule, we must immediately determine the cause and eliminate it." I recall that it was not in the Cuban disposition to keep track of minutes. Well, times change, and people change, too.

One more feature to end the road theme. There are quite a few taxis in the city, but it is not simple to catch one, and when successful, it is not easy to set off in the needed direction. It is easy to catch sight of typical Moscow sketches when a lively discussion is going on between a taxi driver and a potential passenger. Its meaning is not original. My Cuban friend, having invited me over to visit, preferred to conduct his negotiations with taxi drivers in a secretive whisper. When we arrived at our destination, he handed the driver 10 pesos (1 peso equals 90 kopeks—Author). The meter read 2 pesos 80 centavos. To my questioning glance, he embarrassingly explained: "You see, he needed to go in the other direction. And you and I hadn't seen each other in so many years..." The old, kind heart of Cuban hospitality: Here, for friends they will spare neither heartfelt warmth, nor time, nor money.

Incidentally, according to my observations, money has now acquired significantly greater weight in Cuba than previously. Apparently, there are several reasons. First of all, the state has attempted to reduce the money supply by expanding the sale of goods, mainly durables (televisions, refrigerators, cameras, fans, etc.) These goods, naturally, had high prices, and increased sales of them helped both to satisfy the population's demands and to improve the balance between the amount of money in circulation and the availability of goods. I had already seen the beginning of this process in the mid-1970's and, judging by everything, it had produced results. Secondly, prices of limited distribution goods have been maintained at the levels of the 1960's until now. In other words, relatively low wages exist with extremely low prices for consumer goods, especially food. However, I would reiterate, this is only possible in the presence of limited demand. Thirdly, prices at public cafeterias have increased, and noticeably so. I remember well the huge lines at restaurants which I did not now encounter. On the other hand, many bars have appeared which are simpler and more accessible. There are one or two bars in practically every major area, and men gather at them

in the evenings to down a glass or two and talk a bit about life. Incidentally, I did not once hear about any sort of incidents. A Latin American considers it unworthy that anyone would even surmise by his conduct that he was drunk. It remains the same today as it was before.

In 1968, shortly before my first arrival in Cuba, markets in the country were closed. This immediately resulted in the deterioration of provisioning the population and, naturally, increased the mass of paper money not secured by goods. In addition, the peasants, having lost interest in increasing output, since there was nowhere to sell surplus products, in fact switched to a subsistence economy. Now the markets have been re-established and, according to my brief observations, are adequately fulfilling their function.

In the sugar cane harvesting season [safra] of 1970, when the target of producing 10 million tons of sugar was set, the goal was not achieved despite heroic efforts. True, a record was set which exceeded 8.5 million tons. Cuba now produces 7 to 8 million tons without concentrating all its efforts and without mobilizing all its labor resources. In that record harvest season, both manufacturing and service enterprises were closed. Everyone who could do so carried a machete. Now the harvests are organized more precisely and more economically. An example? Certainly. Only those who have passed a thorough medical examination are participating in the current harvest season. A calculation? Yes. But not only that. There is still concern for the worker.

Of course, it is not just a matter of improving the organization of labor, but also a fundamentally new aspect: Approximately 70 percent of the area is harvested with the help of sugar cane harvesting combines. In my time, they were imported from the Soviet Union, and a plant for manufacturing them was just being built in the city of Holguin. Now they are made in Cuba.

I recall that during the harvest season of 1970, Havana was frequently plunged into darkness. There were not enough people at the Mariel Electric Power Plant to perform preventive maintenance in a timely manner; therefore, it could not be used at full capacity. I am not hiding the fact that we were exasperated by a constant loss of electrical power. The correspondent's office was on the 14th floor, and the very narrow stairway was designed for emergencies only. The electric hot plate would not heat, and the refrigerator was heating up from the hot weather. If you went to a movie, the showing could be interrupted in the middle. Later, they divided the city into zones and began to turn off the lights by districts, publishing daily notices in the newspapers about which zones would be without electricity and during what hours. Now Havana shines. I asked Havana residents: "Do you often have 'apagones' (a specific Cuban word meaning power outage)?" Many no longer understood me and did not even know the word.

After the victory of the revolution, Cuba had electrical power plants with a capacity of nearly 350,000 kW at its disposal, and the capacity is more than 2.5 kW. Their Soviet friends helped them. Cooperation between the two countries in the area of power engineering continues and is planned to 2005. A nuclear power plant and a thermal electrical power plant, which will become the most powerful in Cuba, are already being built on the Island of Liberty today. It will generate almost four times as much electricity as in pre-revolutionary Cuba.

Cuba long ago ceased being an agrarian country. Manufacturing also developed during the years of the revolution. Today, it has its own electronics industry. Scientific research is being conducted on a new base. For example, we were told at a biochemical center, that a number of enzymes, for which they paid in hard currency, are now not only being manufactured locally but also exported. A trait? Undoubtedly. Today's picture of Cuba's socioeconomic development is made up of precisely such traits.

There are things and themes, not as attractive as the adjective "new," where the words "traditional" and "as before" are much more respectable. Thus, as before, revolutionary Cuba demonstrates maternal concern for its small citizens. As before, it is a joy to look at the cheerful, well-fed children, sensibly dressed and, I would say, even dandified. These are boarding school pupils who are fully provided for by the state. There are hundreds of thousands of them in Cuba. And how many times has my memory prompted the words heard many years ago from Fidel Castro: "There is only one privileged estate in Cuba. It is the children."

Certainly, there is not one true revolution which has managed without adjusting its pace, critically reviewing accumulated experience and not being afraid of admitting mistakes. The Cuban Revolution is no exception. Being true revolutionaries, our Cuban friends soberly look down the path traveled and zealously defend what they are sure of and convinced of in practice, and decisively reject that which impedes progress. Thus, the microbrigade method was widely used in Cuba in the 1970's. Its essence was that construction was conducted by forces of volunteers in the evenings, on days off and on holidays. Of course, a portion of the people were sent to the microbrigades for prolonged periods and, understandably, there were also professional builders among them. The method's results were quite good. But in time, I do not know why, it came to naught. Now it has been revived.

It seems that revival of the microbrigades was accomplished within the framework of correcting errors and overcoming negative trends, a process which has been going on in Cuba for more than 3 years. I am personally impressed by this approach of our Cuban friends, and it allows me to hope that the strained housing situation will be significantly diminished in this manner.

I can unmistakably say that the person, with his cares and needs, is at the center of the aforementioned process. The problem of improving medical service is now being resolved in an original way. One can hear "family physician," "family physician" at each step. Just what is this? I would compare this with our district physician living in his own district. A special project of homes has been developed for family physicians which provide for a reception office, treatment area and an apartment. In the capital suburb of Regla, I actually saw such cottages, and only finishing work remained. Residents approve of this innovation. There is a family physician for each 100-120 families.

In our friends' opinion, there are at least two advantages to this method of providing medical service to the population. First of all, the physician will know many of his patients literally from birth; secondly, there is the opportunity to conduct educational and preventive work better. The experience of the 6,000 family physicians in Cuba confirms what was said above.

When I was in Cuba, I once again felt a high feeling of brotherhood, effective solidarity and simple human compassion. A great misfortune occurred in Armenia, and they began holding meetings one after the other in the country, signing up volunteers ready to go to help the Soviet people. Lines formed at blood donation centers. In the earliest predawn hours, party and government leaders attended the departures of the first aircraft departing for the Soviet Union with plasma and physicians. They also donated their blood.

My encounter with Cuba and that beauty Havana was stirring. The joy of recognition was supplemented by pride of knowledge of the new and of the large and small accomplishments of our Cuban brothers. Out of habit acquired many years ago, I went out on the balcony before parting. Far away the ocean quietly and strongly breathed. Chains of light outlined the familiar streets. A secretive shadow lay on the parks and squares. Velvet covered the tropical night and gave the city a special charm. I recalled the words written some time ago by a colleague: "They fall in love with Havana at first glance." Twenty years after the first meeting, I would like to add a little more to them: "and forever..."

**Moscow SOVETSKAYA ROSSIYA in Russian**  
**22 Feb 89 p 5**

*18070139 Moscow SOVETSKAYA ROSSIYA*  
*in Russian 22 Feb 89 p 5*

[Article by APN Panama correspondent M. Baklanov:  
"Right After the Carnival: A Critical Election Campaign  
Begins in Panama"]

[Text] I managed to set a local record—100 kilometers from the province to the Panamanian capital in just an hour and a half. This is the way that APN's own correspondent in Panama begins his report for

SOVETSKAYA ROSSIYA. You will not surprise motorists with such a "record." But it can safely be considered an achievement in Panama, for this refers to the Monday of the carnival. Panama's main holiday, which lasts for 4 days, reaches its peak on this day. The revelry spills out into the streets, a crowd of dancers blocks the highway, and "traffic jams" develop for many kilometers on the Pan American Highway—the only route linking the capital with the Western provinces.

However, the credit for the record established is not mine. The carnival is meager this year. There have been no traditional processions in the capital, and there has been no masquerade. Even in the provinces, where the carnivals are traditionally more lively, almost complete calm has prevailed. Panama still has not recovered from its severe crisis. The government has no money. Private firms are not rushing to loosen their purse-strings.

On that same carnival Monday, the conventions of the eight political parties forming the semiofficial "Coalition of National Liberation," abbreviated COLINA, were taking place at the same time in several of the capital's largest halls. "Yes, carnival and politics—this is something exclusively ours, Panamanian," writes a commentator for the local paper, LA REPUBLICA, adding: "I realize how difficult it must be for a foreign observer to understand the success of eight conventions on carnival Monday, with the roll of the drums and the sounds of the horns."

It is possible that our Panamanian colleague is not right about everything. Drumming and the sounds of horns do not belong to Panamanian political traditions alone. But you will not argue with this; it is a statement that the carnival has made the present election campaign in Panama unique. And the campaign began on these very days.

Panamanians will go to the polls on 7 May and vote for the candidates for president and two vice presidents, as well as to elect the new members of the legislative assembly.

Whom will they choose? It seems to me that one peculiarity of the present campaign lies in the answer to this question. There is no obvious political leader in it. There is no opposition; Guillermo (Endara), whom no one knew yesterday, is running for president from it. The semiofficial organ, which advanced the candidacy of Carlos (Duque), has no obvious leader, either. He is 59 and known in Panama more as an employer than a politician. His name has been linked with the "Transit" firm, which has been the source for replenishing the Panamanian army's treasury outside the budget since Torrijos' time. He also heads the council of managers of television's Channel 2, which is claimed to be controlled by the military. Meanwhile, the only politician who is really a leader in Panama, at least for a substantial number of the people, General Noriega, has not advanced his candidacy. He continues to remain the

commander in chief of the armed forces, which have traditionally played a key role in Panamanian politics over the past decades. In this connection, the thesis that the real meaning of the voting will be a "yes" or a "no" for General Noriega is being spread in the Western mass media.

This is an erroneous thesis, I think. Without denying Noriega's obvious importance in the country's political life, we still have to point out that the attempts, particularly by the United States, to resolve the Panamanian crisis exclusively through the prism of the general's pursuits have failed thus far. And this is no coincidence. Panamanian-American relations are an intricate tangle of problems, the heart of which is the problem of the Panama Canal and the U. S. military bases on its banks. When the Americans resorted to pressure, including injection of the threat of intervention, this only contributed to General Noriega's popularity. For many Panamanians who are not his supporters, his presence in the post of commander in chief is preferable to a puppet regime installed on orders from abroad. On the other hand, the United States has not left the present government any other opportunity to conduct a relatively consistent policy in defense of national interests. It is precisely for this reason that the COLINA, which unites the parties forming the government, as well as those which support them, has an important political base. The Panamanian communists are probably taking part in the coalition for the first time, taking this circumstance into account.

The opposition is in a more complicated position. The opposition bloc formally consists of three parties of right-wing orientation. All of them are very battered from unsuccessful political fights last year. As a result of them, several of the parties have been split.

The abundance of political interests should not overshadow the political differences in the platforms of the two coalitions. Pro-American orientation in Panamanian politics is linked with the opposition. Without denying the possibility of normalizing relations with the United States, the COLINA opposes this orientation with a broader view of the world and a policy of diversifying Panama's political and economic relationships. In domestic policy, the COLINA promises to be oriented toward the working people's interests. The campaign rhetoric of the opposition differs little from the semiofficial organ in this respect.

An interesting detail. Organizers of the carnival in Las Tablas Province, considered the best in Panama, this year rejected the traditional rivalry between the "kings" of the Lower City and the Upper City, after an appeal to rid the carnival processions of any signs of political differences. And the carnivals were unusually peaceful. A question arises: will the political parties be able to provide for such peaceful elections? It is already troubling Panamanians today. The election campaign had not managed to begin when the explosion of a powerful

bomb shook the Channel 2 Television building. There were no casualties, fortunately. The police have not found the terrorists yet, but hardly anyone doubts that the crime is related to political motives.

We can predict without particular risk of being wrong that the COLINA candidates will win in the May elections. We can also assume that the opposition will blame the semiofficial organ for juggling the voting results, as in the last elections in 1984. All the same, the overwhelming majority of Panamanians associate 7 May with their hopes that the new government will be able to put an end to the domestic confrontation and bring the country out of the crisis. There is no question that the main condition for this is that Panamanians be given the opportunity to decide their own destiny themselves, without foreign intervention.

**Stroessner's Nazi Past, Ties to U.S. Viewed**  
*18070129 Moscow SOVETSKAYA KULTURA*  
*in Russian 18 Feb 89 p 7*

[Article by Tom Yemelyanov: "Paraguay: The End of the 'Fourth Reich'"]

[Text] Many people have heard that Alfredo Stroessner is of German parentage. Yet few people are aware of the notable facts of his biography. He was born in Paraguay, where his father had immigrated at the end of the last century, in Encarnasion, a typical German colony. Bernhard Foerster, a cousin of the philosopher F. Nietzsche, had founded the first such settlement of German colonists in Paraguay half a century before the Nazis came to power in Germany. Several years before Hitler became chancellor of Germany, the German colonists in Paraguay founded the first foreign Nazi party, with its own detachments of storm troopers.

Alfredo Stroessner immediately stood out in one of them. He had already had "special experience". In the late 20's, Lt. Stroessner was reputed to be one of the personal adjutants of the well-known Nazi bonz in Germany, "first-hour Nazi" and head of the storm trooper detachments Ernst Roehm, with whom Hitler entered into a power struggle and destroyed in the famous "night of the long knives"—on 30 June 1934. Yet long before this slaughter, the Nazis had sent Alfredo Stroessner back to Paraguay as their agent in South America. He was one of those who made up the huge "fifth column" of Nazi Germany, which, according to the data of American Congressman F. Dies, numbered "around 1 million soldiers organized into companies and battalions" before World War II. It is not difficult to guess that this Army was intended for carrying out its regional task in Hitler's strategic plan for winning world supremacy.

It is quite regular that after the destruction of fascist Germany, tens of thousands of Nazis sought refuge specifically in South America, and primarily in Paraguay, where there are today around 60,000 residents of



German nationality. This "national elite" heads up banks, enterprises and export companies. There are 98 companies funded by German capital operating in Paraguay, which to this very day has been justly named "the Eldorado for Nazis". Among the 30,000 Nazi criminals who were at some time sheltered by Stroessner there was also Josef Mengele—the monster with a doctor's diploma who personally participated in the annihilation of 400,000 prisoners at Auschwitz. "Nowhere," wrote the journal SPIEGEL, "could J. Mengele feel safer than in Paraguay". The butcher Mengele who had been given shelter by Stroessner became so bold that he "renewed in Paraguay his former Auschwitz experiments on living people, this time—on defenseless Indians who were herded into reservations reminiscent of Hitler's concentration camps" (testimony of American Professor Richard Arens).

If we name other names, specifically former Gestapo Chief Heinrich Muller, who was also sheltered by Stroessner, it becomes clear that the former Paraguayan dictator had received "highly professional experts" for his repressive organs, who held a population of 4 million people in mortal fear. We might add that the tortures in Paraguayan jails in many ways duplicated the SS methods. Thus, one of them was called "the vat". A victim with his hands and feet bound was dunked in a vat filled with liquid excrement. When the person had choked and lost consciousness, he was taken out and cruelly beaten... If the victim regained consciousness but refused to talk, he was again dunked in the vat... A young pregnant worker, M. Baez, who was arrested in August of 1976, was tortured for 6 days. They burned her hands with lighted cigarettes, "worked over" the soles of her feet with clubs and iron rods, and fractured her skull... The French newspaper MONDE reported that the secretary of the Paraguay CP Central Committee, M. Angel Soler, was tortured in the presence of the head of the political police (the Paraguayan gestapo) P. Koronel. When they could not get any information out of the communist, the torturers quartered him, cutting off his arms and legs...

According to reports of the western press, 400,000 Paraguayans suspected of anti-dictatorial sentiments were thrown into jails, and tens of thousands were killed. 1.5 million residents of the country fled from Stroessner's "fourth Reich".

Yet no matter how frightened the people of Paraguay were, there was a deep-seated wrath growing inside them, as in a dormant volcano. This volcano awoke in 1985, when three mass organizations arose amidst the peasants who were on the edge of desperation, and began a struggle with the dictatorship. Even more alarming for the Stroessner clique were the events in the trade union movement. A breakdown had begun in the head organization of the Paraguay trade unions, which had been obedient to the dictatorship. Seventeen large trade organizations withdrew from it, forming a new, anti-dictatorial national trade union of the workers of Paraguay. Its nucleus was comprised of 20,000 workers who in 1982

had built the "Itaipu" hydroelectrical station on the Brazilian border. They were joined by 50,000 workers who had returned to Paraguay from Argentina due to the economic crisis which had occurred there.

Anti-dictatorial meetings and demonstrations gained strength in a number of cities along the streets named for "Lieutenant Stroessner", "Captain Stroessner", and "Major Stroessner". Amidst the situation which was heating up, there was unrest even in Stroessner's political party "Colorado" (its official name was the "National-Republican Association", NRA). In early 1986 in Asuncion there was a meeting of the MOPOKO party, which had been created in the late 50's as a result of the split of the "Colorado" party. The meeting was broken up by the police. Eighty party officials fled the country to save themselves from jail. Stroessner was particularly angry at the reports of increasing contacts of the anti-dictatorial platform of the lower echelon "Colorado" organizations with the communists. Then the unrest which had frightened the dictator spread also to the "upper echelons" of his party. Groups of influential "Colorado" members spoke out with open criticism against the regime. Robert Zeifart, a member of the puppet parliament, openly proclaimed that the amendment to the constitution adopted in 1977 proclaiming Stroessner as "president for life" was a grave error. To add to all this, scandals of corruption suddenly flared up. It was discovered that 50 bankers and entrepreneurs who had been closely associated with Stroessner had robbed the state treasury of a billion dollars in taxes.

Thus, the land of Paraguay, trampled by 30 years of repressive rule, began to smoke under the feet of the dictator. Fear became a shadow haunting Stroessner's life. Now he would no longer spend two nights in a row in the same place. Every day at 5:00 a.m. he would call the generals in for special conferences and send out surprise inspections throughout the capital and to other cities, fearful of the revolt of the military units. In April of 1986 the Argentine news agency Telam issued information from Paraguay that Stroessner was negotiating with the government of Taiwan to grant him political asylum.

Of course, having long experience in suppressing the slightest disobedience, the dictator evidently would not have given in to panic. Yet he had one other very serious reason to be frightened. Stroessner had lost confidence in the favorable sentiments of official Washington, which he had earned through his pathological anti-communism. The leader of the MOPOKO party, Romos Lovera, noted: "Stroessner used anti-communism to fan social demagoguery, so as to earn the favor of Washington". A member of the Paraguay CP Central Committee, Rojelio Gonzales, wrote: "In the years of Stroessner's rule in Paraguay there were 7 changes of administration in the White House—and all of them invariably supported this 20th century Inquisition which had tormented my people and my homeland".



But the world is rapidly changing. Today it is becoming ever more difficult for the United States to depend on dictatorial regimes in its regional policy. Washington must give up its "bastions of anti-communism"—its odious dictatorships. As the NEW YORK TIMES wrote: "In the Philippines and in Haiti the rulers have lost control over the course of events, and the administration was ready to make use of the popular wave which washed away the Philippine and Haitian dictators, even though they were American allies. Considering the strong pragmatic tendencies which permeate Washington ideology, we may assume that analogous events in other countries are capable of evoking a similar reaction in the USA".

Yes, the next "analogous events" were coming to a head in Paraguay, and the USA began to make plans ahead of time for "gradual democratic changes" in Stroessner's "fourth Reich". In early 1986, President R. Reagan first criticized Paraguay as one of the remaining dictatorships in Latin America, and at the same time the American ambassador to Paraguay Clyde Taylor visited the leaders of the four small opposition parties at their staff headquarters. The Argentine newspaper CLARIN wrote: "Unexpectedly, the Washington ambassador quite openly began to encourage Stroessner's opposition".

Thus, the military coup in Paraguay which was staged under the command of Stroessner's relative, General Andres Rodriguez, cannot be called unexpected. The overthrow of the dictator had been inexorably imminent, and was urged on by the events within the country. It is another matter that Stroessner's former supporting forces were able to upstage the people's uprising and performed what was in essence a palace overthrow. This is a variant which evidently suited official Washington quite well, since, according to the NEW YORK TIMES, it was afraid of the

possibility of "communists or other leftist groupings" taking up the decisive positions.

Here is one more point which we must bring to the attention of the reader. The Paris journal J'EN AFRIQUE wrote in 1986: "What should we do with deposed dictators? After all, most of them place their personal wealth primarily in the USA. According to Tim Hutton, a Wall Street financier, the overall sum of their holdings comprises around 300 billion dollars. To this we should add the fortunes of their minions". What can we say? It is a ticklish problem for Washington. Fallen dictators living in the USA may give rise to two major problems for the authorities. First of all, American society does not look too favorably on the fact that the USA serves as a refuge for leaders who have become infamous as "political vampires". Secondly, Washington may find itself involved in on-going conflicts, including international conflicts, in connection with demands for repatriation of the dictators and their followers. Up until now, the Americans have been able to pass off deposed tyrants onto other countries: Duvalier—to France, and Stroessner—to Brazil. This difficult question for the USA—"What to do with deposed dictators?"—for the current and potential members of the unofficial international "club of exiled dictators" resounds in a slightly different, more fateful form: "Where to run?"

#### As this issue goes to print:

The newspaper FRANKFURTER RUNDSCHAU reported that "A. Stroessner may expect to receive a West German passport. As it became known in the Paraguay capital, it is necessary to research the fact of whether Stroessner, whose father had lived in the Bavarian city of Hoff, had lost his right to obtain FRG citizenship. If Stroessner's father held German citizenship when his son was born, then the ex-dictator may declare his right to obtain a West German passport."

**Asia-Pacific Region Trade Union Movement  
Conference Results**

*18070110 Moscow RABOCHIY KLASS I  
SOVREMENNYI MIR in Russian  
No 5, Sep-Oct 88 pp 207-208*

[V.A. Pankratova report: "Asia-Pacific Region: Problems of the Trade Union Movement"]

[Text] Aspiring in their activity not only to a mutual enrichment of experience but also to an all-around consideration of the diverse factors, actual conditions and prospects of the development of the organized workers movement, the trade unions of the Asia-Pacific (AP) countries are entering into active creative contacts with scholars.

A consultative meeting of representatives of the region's trade union centers with scholars of the USSR Academy of Sciences International Workers Movement Institute (IMRD) was held within the framework of the work conference held this year in Moscow to prepare for the upcoming Delhi session of the coordinating committee of unions of AP countries. The following took part in the meeting, which was chaired by K.G. Srivastava (India), general secretary of the coordinating committee: P. (Sleyp), member of the Australian Trade Union Council Executive Committee, H. Hamilton, national secretary of the Australian Construction Workers Union, D.G. Grant and D. Farr, members of the New Zealand Federation of Labor National Executive Committee, (Vidzhayyakumara Ragavakhana), secretary of the Malaysian Trade Unions Congress in the state of Kedah, (Bursi Bin Khusseyn), vice president of the Malaysian Civil Servants Trade Union Congress, (A. Ancheta), representative of the Philippines National Trade Unions Association, (S. Vongsuti), chairman of the Thailand's National Workers Center, representatives of Japanese unions and certain other figures of the trade union movement of AP countries and also the following staffers of the IMRD Department for the Study of Unions and Mass Movements: Candidate of Historical Sciences S.V. Patrushev, head of the department, Candidate of Economic Sciences V.I. Slavnyy, head of a laboratory, Candidate of Historical Sciences B.G. Stolpovskiy, Candidate of Historical Sciences A.V. Kondratyeva, secretary of the Academic Council, Candidate of Historical Sciences A.P. Davydov, secretary of the Academic Council, Candidate of Historical Sciences V.A. Pankratova, academic secretary, and Candidate of Historical Sciences I.A. Shin, academic secretary.

It was decided to accord the scholars the right to begin the discussion, and therefore S.V. Patrushev, having described the research being performed in his department on trade union matters, proposed formulation of the most pertinent directions in the study of problems of the trade union movement in the developing countries of the region which might be the main subject of study at this meeting:

the TNC in the region and stimulation of the trade union struggle for the working people's rights;

internationalization of the manpower market in the region and the unions' activity;

the working class and other working masses in the region: positions of the unions;

vestiges of traditionalism in the consciousness of the working people and problems of the unity of the union movement;

international relations, new thinking and problems of security in the region: the unions' positions.

After the relevance of the proposed topics had, on the whole, been recognized in the course of the exchange of opinions, a concise exposition of the department's positions on key questions of these topics was presented by B.I. Slavnyy. He, in particular, noted the need for the problems of the relations of workers of the modern sector and also their unions and the national state and the TNC to be solved with regard for the growing disproportion in the socioeconomic position of working people of the modern sector of the economy with their socioeconomic rights and gains on the one hand and the pauperized traditionalist mass of the informal sector on the other. The continuous deterioration in the already calamitous position of the latter represents a growing threat to the modern sector, to the workers and the unions included. There objectively ensue from this for the unions of the developing countries the following tasks:

upholding class positions in respect of the TNC and the state and taking into consideration the actual "formal sector-informal sector" correlation taking shape in the economy and in society;

contributing to the utmost integration of the traditionalist masses of the informal sector in production and trade union processes and structures and unionization processes and finding ways of improving both their position and, as a whole, the functioning of the informal sector and ways of its formalization.

This policy, B.I. Slavnyy observed, would, aside from all else, contribute directly to an improvement in the position of the workers of modern production themselves, specifically thanks to the development of the consumer and production market, which is supported by the informal sector to a considerable extent.

In the course of the meeting representatives of the trade union centers, displaying great interest in the speeches of the IMRD scholars, proposed that their thoughts be sent—in the form either of concise propositions or, on

the other hand, in a more detailed exposition—to the appropriate trade union institutions and trade union centers of the AP countries for study and subsequent joint discussion.

Representatives of Australia's trade unions observed that the union movement in their country had its own specific features compared with the region's developing countries; the TNC play an entirely dissimilar part in the developed and developing countries, accordingly engendering entirely different problems also. It is significant that in Australia it is not a question of struggle directly against the TNC themselves, the struggle is conducted rather against the consequences of their influence. Concerning questions of internationalization, representatives of Australia's unions agreed with the urgency of this topic for Australia, where the positions of Japanese capital are strengthening actively; it was noted that the close transnational connection of the monopolies is reflected in the workers movement also: everything that occurs in Japan has an immediate echo in Australia.

Attention was called at the meeting to the need for a stimulation of the activity of the unions on such a question as unity of action. The TNC, a Japanese trade union leader declared, are conducting a concerted offensive against the working class in different countries, and the working class must counterpose to this offensive a united front of joint struggle for its rights. Trade union figures from Japan also noted the need for a stimulation of the working people of the region in the antinuclear struggle.

The role of the TNC, the representative of the All-India Congress of Trade Unions declared, may be considered progressive only in the sense of the internationalization of the manpower market. In countries like India their role in economic development is unequivocally negative. In India itself the working class carries a dual burden and is forced to struggle on two fronts: first, against privatization and for a strengthening of the positions of the public sector and, second, against the activity of the TNC.

The workers' struggle is extraordinarily complicated in countries in which the governments support the activity of the TNC and cooperate with them, the more so in that, as a rule, it is in these countries that the unions' positions are weak, (S. Vongsuti) emphasized. International trade union centers, specifically the ICFTU and the WFTU, he continued, willingly allocate resources for seminars and such like measures there. It would be worthwhile pondering more seriously what their actual benefit is. Primarily, the speaker reflected, we should at these seminars be giving the workers truthful information and illustrating events connected with the struggle against the TNC. However, in Thailand, for example, owing to the situation that has taken shape in the country, the unions have no chance of presenting a true picture. (S. Vongsuti) also touched on seminars conducted within the framework of the worker education

system. It is essential to consider when they are being organized, he said, that the majority of their students are people who recently tore themselves away from peasant farm labor and that for this reason both their training and the very development of the workers movement of which they are participants are still only at the initial levels.

Summing up the discussion and closing the meeting, K.G. Srivastava, presiding, recommended on behalf of the participants—representatives of the trade union centers—that the IMRD research staff prepare papers, reports and expanded propositions for the further development of the problems broached at the next such meeting in a year's time.

“Rabochiy klass i sovremennyy mir”, 1988©

**Georgian Trade Delegation Visits PRC**  
*18250090 Tbilisi MOLODEZH GRUZII in Russian*  
5 Jan 89 p 3

[Interview with Mamiya Amvrosyevich Chumburidze, first deputy chairman of the Tsekavshiri Management Board and candidate of economic sciences, by G. Chkhendze; date and place not given; first paragraph is MOLODEZH GRUZII introduction]

[Text] A Georgian SSR delegation visited the Chinese People's Republic on the eve of 1989 at the invitation of the Jilin Vostokintorg Company for importing and exporting light industry items. The delegation included Mamiya Amvrosyevich Chumburidze, first deputy chairman of the Tsekavshiri management board and a candidate of economic sciences.

[Chumburidze] A wide range of questions was discussed during our delegation's stay in the Chinese People's Republic. In particular, we discussed opportunities for exchanging consumer goods and medicinal preparations, organizing joint exhibitions, and establishing production and commercial ties on a mutually beneficial basis. A document for the expansion of trade and economic relations between the Georgian SSR and Jilin Province was compiled. In compliance with the signed document, barter operations for industrial and food goods will be carried out on a non-currency basis beginning with the start of 1989.

[Chkhendze] What goods will we receive from our Chinese partners?

[Chumburidze] We will receive light industry items, perfumes, domestic equipment, agricultural products, etc., on a mutually advantageous basis.

[Chkhendze] During recent years, China has made an enormous jump in its development as a result of the economic reforms carried out in the country. During these, a new economic system model was created. It

completely takes into consideration all the country's distinctive features. Please comment on the changes during the course of which the "Chinese phenomenon" arose.

[Chumburidze] This new management model is called: "Constructing socialism with a Chinese character". The economic reforms in the Chinese People's Republic are flowing along five main avenues.

Limitations on the functions of central and local agencies have noticeably expanded the economic independence of individual enterprises. The material and technical supply system, the credit and financial system and planning have undergone radical changes.

One of the stimulating factors for strengthening economic independence is the Law on the Bankruptcy of Enterprises that was adopted by the Chinese government in 1986. It provides for strengthening the competition between enterprises. The possibility of bankruptcy makes this struggle more real. Incidentally, the first instance of bankruptcy occurred in 1986 in the city of Shenyang. As a result, a small factory was eliminated. The leasing of state enterprises to individual persons is being widely used in China. Leased enterprises number more than 260 in Shenyang, of which more than 100 are industrial ones. The remaining unprofitable enterprises are often sold by bargaining to private individuals. As a rule, their economic indicators are subsequently improved and some even begin to bring in a definite income.

There is no doubt that the reforms had to affect agriculture also. A form of management, which is already known to us—the family contract—has arisen and is operating successfully. The periods for the leased use of land have been increased from three years to 15 years. The association of peasants into various production organizations is being practiced rather effectively in the village.

The next reform avenue is the narrowing of the planning sphere by strengthening the indirect, including the market, regulation of prices. Three types of prices exist in the country today—state, varying (the difference can be 30 percent) and market. Incidentally, the latter—as local specialists think—will occupy the main place in the future.

The third avenue of economic reforms provides for a variety of management forms, including the use of cooperative and individual forms. Today, three-quarters of the total number of enterprises in the service area are cooperatives. The shift of all enterprises in this area to a cooperative basis is envisaged in the near future.

The independence, which the enterprises have received during recent years, has permitted stock exchanges to open in a number of cities, in particular, Beijing, Shanghai, Shenyang and Wuhan and shares and bonds to be sold to the workers in their enterprises....

[Chkhendze] Thereby making them as interested as possible in the successful operation of the enterprise. You see, the workers become co-owners of the enterprise.

[Chumburidze] Just so. The importance of material incentives is being raised this way. This is the fourth avenue of economic reform.

The contract system for hiring workers is popular in China today. Its essence consists of concluding a contract between the workers and administration of an enterprise. The time and conditions of the hiring and the rights and duties of each of the parties are stipulated in advance.

[Chkhendze] Do not such significant changes, which have occurred in China's economy, involve some difficulties or problems?

[Chumburidze] Without a doubt. Transformations, especially such grandiose ones as in the Chinese People's Republic, do not occur without difficulties and problems. There is the unemployment that arose at the end of the Seventies, the instability and increase in prices, and the appearance of corruption. Quite a few problems have arisen in the village. One of them is connected with the absence of a material and technical base. Of course, there exist many difficulties and furthermore, in the opinion of Chinese specialists, there will be more of them. However, the first and difficult step has already been taken—and rather successfully.

The next avenue of reform—an open foreign economic policy—is inseparably linked with the origin of special economic zones (SEZ) and mixed enterprises involving foreign loan assets—credits.

[Chkhendze] What is the advantage of foreign investments over credits?

[Chumburidze] In the first place, when investments are made, the investor is interested in the efficient use of his assets. You see, the profit from them is also his income. Thus, a foreign partner, which is interested in the successful operation of an enterprise, will provide the latest technology more rapidly and will reveal production secrets. Concerning the special economic zones, they have been established in Shenzhen, Zhuhai, Shantou and in Fujian Province. They are similar to the free trade zones in capitalist countries—a privileged tax and customs market. Foreign investors have received broad rights and authority in these zones for the hiring of workers, determination of wages and organization of production.

[Chkhendze] Mamiya Amvrosyevich, let us return directly to the purpose of your trip to the Chinese People's Republic. What can one expect from cooperation with our Chinese partners?

[Chumburidze] The possibility of establishing a restaurant specializing in Georgian national cuisine in the city of Changcong in the future and a Chinese one in Georgia and of opening a store for Chinese goods in Tbilisi were discussed during the meeting. In the near future, we will perform detailed work on the question of establishing joint light and medical industry enterprises.. Besides that, we plan to organize a fair of consumer goods and medical industry items in Tbilisi and Changcong before 1 July 1989. The present visit was the first step towards strengthening business and friendly relations with our Chinese partners.

At the beginning of the year, a delegation from the Chinese People's Republic Jilin Province will visit Georgia. The Tsekavshiri management board is preparing to receive them as its guests. A special exhibition of consumer goods, during which our Chinese partners will be able to select the items that interest them the most and that are produced by Georgian cooperatives, will be organized for these purposes. All these business contacts have been become possible thanks to the intermediary Gruzimpeks organization.

#### **Role of Japan's New Emperor Described**

18070147 Moscow ARGUMENTY I FAKTY in Russian  
No 9, 4-10 Mar 89 p 8

[Letter to editor from V. Kirillov and reply by K. Cherevko]

[Text] Please tell us something about the new Japanese emperor. V. Kirillov, Krivoy Rog.

After Emperor Hirohito, who had ruled Japan since 1926, died at the age of 87, his oldest son Akihito became the monarch on 7 January. This is his real name. His other name is Tsugunomiya. It is traditionally used to address the emperor or to refer to him in the third person. Japanese emperors go down in history with

another name, taken from the name of their period of rule. The new period is called Heisei ("Establishment of Peace").

Akihito was born on 23 December 1933. On 10 November 1952 he was declared the heir to the throne. In 1956 he graduated from Gakushuin University in Tokyo with a degree in political science. This was where the future emperor first went to school with his subjects. In April 1959 an unprecedented event took place—the heir to the throne married a girl who was not a princess by birth, but the daughter of a flour mill proprietor, Michiko Shoda. They have two sons and a daughter. The new emperor is the 125th ruler of the Sumeragi dynasty, which has ruled continuously since the time of its founding. It goes back to the priests and military rulers of the island of Honshu in the 3d century A.D. and the island of Kyushu around the beginning of the new era.

The word "emperor" (tenno) once meant the highest point of the firmament—the North Star—and was the title of the high priest in the Taoist religion which had come to Japan from China, and later in Japan's own Shinto religion.

The new emperor has a broad range of interests. He prefers the natural sciences, especially, like his father, ichthyology and marine biology, and is also interested in the humanities. Akihito is athletic and particularly likes to play tennis.

In accordance with the Japanese Constitution the emperor approves parliamentary appointments of prime ministers and chief justices of the Supreme Court, but does not manage the affairs of the executive and legislative branches of government. With the approval of a cabinet of ministers the emperor proclaims laws and is also empowered to convene parliament and confer awards.

The official ceremony of the coronation of the new emperor of the Land of the Rising Sun will be held in the first autumn following the end of a year of mourning for the late emperor.



**Syrian Commander on Superpower Role in Middle East**

18070143 Moscow LITERATURNAYA GAZETA  
in Russian No 9, 1 Mar 89 p 9

[Interview with Muhammad Ibrahim al-Ali, commander in chief of the Syrian People's Army, by LITERATURNAYA GAZETA correspondent in Damascus: "Acting Together"]

[Text] USSR Minister of Foreign Affairs E. A. Shevardnadze has concluded his trip to countries in the Middle East, where he discussed the most important problems in the region and the world community as a whole.

In this connection, our correspondent conducted an interview with Muhammad Ibrahim al-Ali, commander in chief of the Syrian People's Army.

I want to share one thought. Soviet-American rapprochement and even agreements on disarmament will still not be enough to ensure a stable peace on the planet. As long as inequitable economic relationships and exploitation remain, as long as starvation and disease are rampant in dozens of countries, and as long as ecological problems are not resolved and the distress of entire peoples is not ended, the peace process is deprived of a stable foundation and the balance of forces of the two great superpowers will be unsteady and fragile. It is precisely for this reason that Gorbachev's conception of the need for a comprehensive solution of mankind's urgent problems is so close to us.

As a resident of the region which has gone through several wars over the past 40 years, I place extraordinary value on the principle of coordinating the process of Soviet-American disarmament with searches for ways to

eliminate regional conflicts. The end of the Iran-Iraq war and the trends toward the convening of an international conference on the Middle East that have been noted inspire optimism. At the same time, we Arabs have been the object of exploitation and aggression from imperialism and Zionism for decades, as you know. Unfortunately, we still have no evidence of the intention of these forces to abandon their traditional "policy" in our region. We have always come out for a stable peace on a just basis. At a time when they demanded capitulation from us. I think the time has finally come for peace to reign in our lands as well.

The changes taking place today in the Soviet Union's foreign and domestic policy represent the process of regenerating the socialist society, in my view.

We Syrians, just as most of the peoples in other countries, do not believe that the Soviet Union has betrayed its principles and ideals by conducting restructuring, as certain figures in the West are attempting to portray this. No, only the methods of achieving the goals of socialism have been changed. And the choice of methods is of decisive importance for success in our time. The peoples of Asia and Africa are especially impressed by the alternative to the arms race advanced by the Soviet leader—to overcome economic and cultural backwardness, starvation, poverty and disease together. As a representative of a developing country and as a writer, these humane goals are extraordinarily dear to me. Being a military man, I welcome as a whole the emergence of a historical reality such as the turn from the principle of overarmament to the principle of reasonable adequacy for defense. Putting an end to the preposterous situation in which mankind is capable of destroying itself many times over is an objective of paramount importance. Its success will not simply be a blessing for mankind, but its salvation as well.

**Zimbabwean National Reconciliation: Model for Southern Africa**

18250047a Moscow KRASNAYA ZVEZDA  
in Russian 4 Jan 89 p 3

[Article by Aleksandr Borisov (Lusaka-Harare-Moscow):  
"The Zimbabwean Variant"]

[Text] On the outskirts of Harare, the capital of the African country of Zimbabwe, there is an amazing sight which some journalists with fervid imaginations compare to the "seven wonders of the world." It is the so-called "balanced rocks"—an original rock preserve where mother nature in time immemorial built strange pyramids on mighty blocks of earth that maintain their balance seemingly in spite of the law of gravity.

The law of balance in nature is the law of life itself, and mankind has been convinced through bitter experience of the great and irreparable consequences when it is violated. But what is the situation in politics? Is the desired balance, the "balance of interests" possible here, or are conflicts, clashes, and prolonged confrontations inevitable? Today this question is bothering many countrymen. They are searching for an answer to it in both Namibia and Zimbabwe which border on South Africa, a zone of high political unrest which I recently had occasion to visit.

Life did not confirm many of the bright expectations and hopes with which I was inspired by the African revolutionaries on the eve of the liberation struggle when it seemed that the political independence that had been won would automatically bring economic flourishing and rapid social progress. The path to "national happiness" turned out to be much more complicated and thorny. Today Africa is frequently called a "continent of disasters" where bound into one tight knot are problems inherited from colonialism and those generated even after the liberation: undistinguished leadership and unskillful management, bloody civil strife and destructive wars, as well as neocolonialism.

As concerns Zambia, Zimbabwe, and other so-called frontline states, the major damage was caused to them by confrontation with South Africa, the regional "superpower." Essentially all policy in the south of the African continent revolves around this central issue, regardless of the direction from which one is looking—from Luanda, Lusaka, Harare, or Maputo. Even landing briefly in Angola gives one an idea of how much it has suffered from intervention from the south and raids from local bands that enjoy Western protection. Before 1975 Angola supplied practically all of its own food while today it can feed less than half of its population. According to data of the Zimbabwean president R. Mugabe, since 1980 through direct and indirect actions South Africa has done more than 20 billions dollars' worth of harm to its neighbors. "And even these figures," the president noted, "do not give a full idea since they do not include the immense funds we have had to spend to defend our hard-won independence."

Recently, as we know, as a result of the negotiations between Angola, Cuba, and the Republic of South Africa with the mediation of the United States, there have been positive changes in the situation in Southwest Africa. An agreement has been signed which opens up the way to the proclamation of the independence of Namibia and the removal from Angola of Cuban troops who have performed their international duty. This has become possible because of the changing climate in international relations and the desire to find political solutions to the most difficult problems.

A new political reality is beginning to take form in the south of the African continent, and the direction in which it proceeds is extremely important. The times call for political prudence and dialogue. Although during the course of the trip I met many people who still absolutize armed force in solving political problems, including in the south of Africa, and are not inclined to give any special thought to the cost of confrontation.

It is no accident that the capital of Zimbabwe is called "sun city." One of the locals told me: "Year around there is always something in bloom here." The jackarands just finished blooming here on the eve of the South African summer—an amazing tree which reminds one of an enormous lilac bush and covers all the parks and squares of Harare with violet flowers. Founded in 1980 [sic] by a group of Englishmen headed by Cecil Rhodes, the colonial Salisbury took into account the experience of European cities and was initially planned according to the principle of separate zones—residential, business, industrial. As distinct from other African capitals I have seen, the city is clean and well cared for. Cozy villas remind one of the colonial past where among white residents the principle of 3:2:1 was in effect (three servants, two cars, and one swimming pool). The industrial zone was planned taking the wind currents into account so as not to pollute the city air. Next to the tall Monomotapa (the country's ancient name) Hotel they have opened a large swimming pool (they take samples of the water every two hours) where for a couple of pennies anyone who wants to can swim—blacks and whites.

Enough, the reader will say. What has the revolution done for the working people, the ones for whose sake it was waged. Up to this point, far from everything that was promised, but, I assure you, much according to the standards of other African countries if, of course, one sees the benefits of the revolution not only in what it is creating but also in what it is managing to preserve. On the outskirts of Harare along the grand highway which was built while the English were still there (they needed roads in order to rob the country), there has grown up a residential area for workers—small houses made of lime brick and tiny plots of land. A municipality has been built. Although there is unemployment in the country, one does not encounter the kind of hopeless poverty that is typical of Africa. I am risking exaggeration, but Zimbabwe seemed to me like an oasis among the despair and disasters of the African people.

It is less than an hour's flight from Lusaka to Harare but one is immediately struck by the contrast: on the streets of "sun city," especially in the center, there are many white faces. There is nothing surprising in this. In the former Southern Rhodesia there were 300,000 white compared to the 6.3 million indigenous residents of the country. I am told that now there are only about 100,000 left. They are the ones who consider Zimbabwe their homeland, although they frequently visit "good old England." The whites own about 4,500 farms which produce 60 percent of the commercial agricultural products, and they hold important positions in industry, trade, and finance. Of the 100 members of parliament 14 are white. Most of the hotel management personnel are mixed, and black and white faces appear on television.

I try to understand the effect of the kind of national reconciliation mechanism after the power was turned over to the black majority in April of 1980. Of course one must not idealize the past. The parties sat down at the negotiating table in London's Lancaster House as a result of a military stalemate, in order to put a stop to the blood letting. Upon entering Harare from a distance one can see a majestic hotel standing atop a green mountain—a monument to the tens of thousands of rebels who gave their lives in the liberation battle. Strong international pressure was applied to the Rhodesian regime at that time, and a mechanism of economic sanctions was put into effect. All this together brought diplomatic success. But the Zimbabwean revolutionaries were smart enough not to ignite a racial "vendetta." The correctly understood demands for the economic development of the young independent republic and the positive role played by the white legacy in the country's economy also had their effect. As a result, to use the language of old-style diplomacy, a "modus vivendi" or a "means of existence" was found which works well enough on the scale of the entire state.

I wish to note that none of the many whites I met in Zimbabwe seriously complained about "oppression" by the authorities or racial discrimination. In a word, I saw no "reverse racism." On the contrary, there were many examples of a courteous attitude on the part of the two groups toward one another and their active coexistence under one roof. True, the newspapers give tribute to an unwritten code, calling certain people "Comrade" and others "Mister," but this, if I may say so, is more in the social than the racial area. "And how is Ian Smith," I asked the person sitting next to me at the table at the Rotary Club, one of the hundreds of clubs of this name for business people in the capitalist world. I was recalling that in former times the latter was called nothing less than "fascist" by the prime minister of Southern Rhodesia in the progressive world press. "Well what can he do?" I heard an indifferent reply. "He is living quietly here in Salisbury, that is as a simple citizen, in Harare."

I shall not attempt to judge whether the Zimbabwean variant is purely local or of broader, say, regional significance. The search for racial or national balance is, as we know, an exceptionally complicated and delicate matter which has its specific features in one country or another. I was told this by many with whom I spoke about the situation in the south of Africa. The apartheid regime in the Republic of South Africa is a relic of the distant past and it is in its essence deeply immoral. Historically, it is undoubtedly doomed. Judging from everything, it has become an impediment to the economic development of the Republic of South Africa itself.

It is clear that the authorities in the Republic of South Africa are desperately maneuvering and trying to find a way out of their international isolation. I heard diametrically opposed views of this in Lusaka and Harare. Some tried to convince me that the "leopard will not change its spots" while others asserted that the apartheid regime is "no longer what it used to be." "In five-star hotels (the most expensive—A.V.) they now allow coloreds," I was ardently told by one of the proponents of the idea of "liberalization" of the racist regime. A typical detail: the owner of a small tourist firm in Harare which provides safari service told me that among the whites in the Republic of South Africa, both Afrikaaners (Boers) and Englishmen, there are many who wish to visit the Soviet Union and see our restructuring with their own eyes. Well, people are still people. Victor Hugo remarked that "there are bandit governments, but there are also bandit people."

How easily in this world the hunted become the hunters and the persecuted, the persecutors. At the dawn of the century in the courts of Moscow and Petersburg the old street organ sobbed plaintively and a child's thin voice said: "Transvaal, Transvaal, my homeland, you are going all up in smoke." The sympathies of democratic Russia were on the side of the courageous Boers who repulsed the onslaught of the "English bandits." Today the question is largely whether or not in the Republic of South Africa there are enough white people with common sense and a sense of self-preservation to disassemble the apartheid system and not bring racial contradictions to the inflammatory point where it is too late to speak of any joint "mode of existence." Written on the cast bronze monument in the Republic of South Africa to Cecil Rhodes—"a gentleman and a conqueror"—are some words that might have been uttered just before his death: "There is so little time left and so much to do." The current rulers of the Republic of South Africa have less and less time left.

... Upon leaving the rocky preserve I cast a farewell glance at the mysterious creation of nature. The gigantic pyramids formed from balanced rocks had frozen still. What better appeal to the people to search for a "balance of interests" and reach a political regulation of the most complicated international problems.

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